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United Nations

United Nations Population Fund

Financial report and audited financial statements

for the biennium ended

31 December 1993 and

Report of the Board of Auditors

General Assembly
Official Records • Forty-ninth Session
Supplement No.5G (A/49/5/Add.7)

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CONTENTS

		Page
LETTERS OF TRANSMITTAL		iv
I.	FINANCIAL REPORT FOR THE BIENNIUM ENDED 31 DECEMBER 1993	1
II.	REPORT OF THE BOARD OF AUDITORS	5
III.	AUDIT OPINION	35
IV.	CERTIFICATION OF THE FINANCIAL STATEMENTS	36
V.	FINANCIAL STATEMENTS FOR THE BIENNIUM ENDED 31 DECEMBER 1993	37
Statement I.	Statement of income and expenditure for the biennium ended 31 December 1993	38
Statement II.	Statement of assets and liabilities as at 31 December 1993	39
Statement III.	Statement of movement in resources for the biennium ended 31 December 1993	40
Statement IV.	Statement of changes in financial position for the biennium ended 31 December 1993	41
Schedules to the financial statements:		
1.	Status of voluntary contributions pledged as at 31 December 1993	42
2.	Miscellaneous income and expenditure for the biennium ended 31 December 1993	46
3.	Expenditure by United Nations agencies, Governments and non-governmental organizations for the biennium ended 31 December 1993	47
4.	Project costs: unspent allocations as at 31 December 1993	49
5.	Technical support services: unspent allocations as at 31 December 1993	50
6.	Administrative and programme support services budget appropriations and expenditure for the biennium ended 31 December 1993	51
7.	Investments as at 31 December 1993	52
8.	Trust funds: statement of account for the biennium ended 31 December 1993	53
Annex.	Notes to the financial statements	56

29 April 1994

Sir,

Pursuant to UNFPA financial rule 116.2 (b), I have the honour to submit the financial statements of the United Nations Population Fund for the biennium ended 31 December 1993, which I hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Nafis SADIK
Executive Director of the
United Nations Population Fund

The Chairman of the Board of Auditors
United Nations
New York

30 June 1994

Sir,

I have the honour to transmit to you the financial statements of the United Nations Population Fund for the biennium 1992-1993 ended 31 December 1993, which were submitted by the Executive Director. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) John BOURN
Comptroller and Auditor General
of the United Kingdom of
Great Britain and Northern Ireland
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York, N.Y.

I. FINANCIAL REPORT FOR THE BIENNIUM ENDED 31 DECEMBER 1993

1. The Executive Director of the United Nations Population Fund has the honour to submit herewith the financial report of the United Nations Population Fund (UNFPA) for the biennium ended 31 December 1993.

2. UNFPA is submitting its biennial accounts for 1992-1993 in conformity with the changes in financial procedures of UNFPA approved by the General Assembly in resolution 45/235 of 21 December 1990, paragraph 6. The biennial accounts for 1992-1993 consist of four statements supported by eight schedules accompanied by notes that are an integral part of the financial statements, and also cover the UNFPA trust funds established for population activities by the Governing Council of the United Nations Development Programme (UNDP), or by the Executive Director.

3. The submission of the biennial accounts is made in conformity with regulation 16.1 of the UNFPA Financial Regulations approved by the Governing Council at its thirty-seventh session in decision 90/36, paragraph 7.

Executing agency accounts

4. In accordance with UNFPA financial regulation 17.1 (b), the UNFPA financial statements incorporate the data obtained from the biennial accounts of the executing agencies with regard to the status of funds allocated to them for the execution of UNFPA projects during the biennium 1992-1993.

5. As of the date of the preparation of the present financial statements, the status of information received from the executing agencies was as follows:

(a) Audited statements were provided by the following United Nations specialized agencies:

World Health Organization (WHO)

The International Labour Organization (ILO)

United Nations Educational, Scientific and Cultural Organization (UNESCO)

(b) Statements as submitted to the executing agency's External Auditors were provided by:

Food and Agriculture Organization of the United Nations (FAO)

United Nations Industrial Development Organization (UNIDO)

International Bank for Reconstruction and Development (the World Bank)

(c) The United Nations Board of Auditors are the external auditors of UNFPA as well as the auditors of the United Nations regional economic commissions and other United Nations organizations and programmes that execute projects funded by UNFPA. The Board has indicated that in respect of the United Nations organizations and programmes listed below it will not issue a separate audit opinion on the programme expenditures and programme support costs funded by UNFPA. The Board also indicated that the exchange of the required audit information will be ensured by the Board internally. UNFPA has informed the

Governing Council accordingly (DP/1992/33, paras. 10 and 11). These are as follows:

Department for Development Support and Management Services (UN/DDSMS)

Economic Commission for Africa (ECA)

Economic Commission for Europe (ECE)

Economic Commission for Latin America and the Caribbean (ECLAC)

Economic and Social Commission for Asia and the Pacific (ESCAP)

Economic and Social Commission for Western Asia (ESCWA)

United Nations Children's Fund (UNICEF)

United Nations Development Programme/Office for Project Services (UNDP/OPS)

United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)

6. Should any changes be reported in the audited accounts of the United Nations organizations and programmes executing projects funded by UNFPA, UNFPA will report on the changes to the General Assembly and to the UNDP/UNFPA Executive Board at subsequent sessions. The Executive Director will submit to a subsequent session of the UNDP/UNFPA Executive Board copies of the audited statements and audit reports, if any, of the United Nations executing agencies and copies of any relevant resolutions adopted by their governing bodies, as required under UNFPA financial regulation 17.1 (b).

Financial status of the Fund

7. As shown in statement III, as at 1 January 1992, the balance of unexpended resources of the Fund was in a deficit of $5,538,850. During 1992-1993, UNFPA received income of $457,814,638, which includes cost-sharing income of $267,297 from the Government of Botswana, and had expenditures of $397,011,898 which resulted in surplus income of $60,802,740 as shown in statement I.

8. Statement III shows that as at 31 December 1993, the balance of unexpended resources of the Fund is $47,263,890 (including $99,585 for cost sharing) after transfers to reserves of $8 million ($5 million to the reserve for field accommodation, and $3 million to the operational reserve).

1992-1993 programme expenditures and administrative and programme support services (APSS) budget expenditure

9. At its thirty-eighth session held in New York (June 1991), the Governing Council gave the Executive Director a revised programme expenditure authority of $201,300,000 for 1992 (decision 91/35 B, para. 3) and at its thirty-ninth session (May 1992), a programme expenditure authority of $188,100,000 for 1993 (decision 92/32 B, para. 2). As shown in schedule 4, total year-end allocations to projects for 1992-1993 were $334,251,680 of which $40,239,789 was the carry-over of unspent allocations from 1991. The unspent allocations as at 31 December 1993 amounted to $71,738,213 and for future years $179,289,427. In

addition, as shown in schedule 6, net appropriations for the 1992-1993 administrative and programme support services (APSS) biennial budget of UNFPA totalled $104,110,800, as approved by the Governing Council at its thirty-eighth session (decision 91/36, para. 14). The unencumbered balance as at 31 December 1993 amounted to $16,392,979.

10. The breakdown of 1992-1993 expenditure is shown in statement I. It comprised $309,294,077 for programme, including Technical Support Services (TSS), Administrative and Operational Services (AOS) and UNFPA support costs, and $87,717,821 for administrative and programme support costs under the APSS biennial budget, after credits of $5,448,057 earned for programme support services were taken into account. The APSS expenditure included $39,294,837 of expenditure relating to field office support (see schedule 6).

11. In 1992-1993, the ratio of project expenditures to project allocations was 78.5 per cent, compared to 89.4 per cent for the previous biennium. United Nations executing agencies, including regional commissions, executed $93,580,069 or 35.7 per cent of the total project expenditures. Governments executed $48,665,228 or 18.5 per cent of the total project expenditures. UNFPA itself executed $81,143,367 or 30.9 per cent of the total project expenditures. UNFPA-executed projects includes procurement assistance by the UNFPA headquarters Procurement Unit in respect of government projects amounting to $51.2 million. Non-governmental organizations, intergovernmental institutions and other agencies executed $39,124,803 or 14.9 per cent, of the total project expenditure (see schedule 4). In 1992-1993, the ratio of TSS expenditure to approved budget was 92.3 per cent. There is no comparative figure for the previous biennium. The APSS expenditure against the 1992-1993 appropriation was 84.2 per cent.

Status of operational reserve

12. The operational reserve was established by the Governing Council in January 1973 at the $20 million level to guarantee the financial viability and integrity of the UNFPA programme. At its thirty-eighth session, the Governing Council in decision 91/36 decided that the level of the operational reserve should be set at 20 per cent of general resources income for each year of the UNFPA work plan, and that it would review the level of the reserve every other year. As at 31 December 1993, the operational reserve amounted to $48 million. The level of the operational reserve will be reviewed in 1994.

Liquidity position

13. As at 31 December 1993, UNFPA had bank balances in convertible currencies and time-deposit investments amounting to $142,665,658 which included $5 million of time-deposit investments of the reserve for field accommodation, $48 million of time-deposit investments of the operation reserve, and $13,819,924 million belonging to UNFPA trust funds (see statement II and schedule 7). The investments reported in statement II and in schedule 7 were recorded at the United Nations operational rate of exchange, which came into effect on 1 December 1993. At the United Nations operational rate of exchange in effect from 1 January 1994, which more closely reflected the market rate of exchange as at 31 December 1993, the value of these investments would amount to $937 less than that shown in the accounts.

Trust funds

14. Schedule 8 shows the statement of account for the biennium ended 31 December 1993 of the trust funds established by the Executive Director for multilaterally and bilaterally funded programmes and other special population activities. The unexpended balance of the trust funds as at 1 January 1992 was $8,944,877. Contributions received from Governments and other sources during 1992-1993 were $67,765,788 and interest income amounted to $1,202,529. The total amount available for programming in 1992-1993 was $77,347,574. Total programme expenditure, including support costs, was $57,619,099 leaving an unexpended balance of $19,728,475 as the opening balance for 1994.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. The Board of Auditors has examined the financial statements of the United Nations Population Fund (UNFPA) for the period 1 January 1992 to 31 December 1993 in accordance with General Assembly resolution 74(I) of 7 December 1946 and article XVII of the Financial Regulations of the Fund. The audit has been conducted in conformity with Article XII of the Financial Regulations and Rules of the United Nations and the annex thereto, and the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency (IAEA). These standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements.

Audit objectives and approach

2. The Board's audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The examination was based on an assessment of UNFPA's accounting systems and controls and a test audit in which all areas of the financial statements were subject to direct substantive testing of transactions. The audit also included an assessment of the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. The examinations were conducted at UNFPA headquarters in New York and at field offices in Bolivia, Costa Rica, Madagascar and Mexico. The Board considers its audit approach provides a reasonable basis for its opinion. Whilst the financial statements are the responsibility of UNFPA's management, the responsibility of the Board is to express an opinion whether, based on its audit, the financial statements present fairly the financial position of UNFPA as at 31 December 1993.

3. The Board's examination included a general review and such tests of the accounting records and other supporting evidence as it considered necessary in the circumstances. These audit procedures are designed primarily for the purpose of forming an opinion on UNFPA's financial statements. Consequently, the work carried out by the Board did not involve a detailed review of all aspects of budgetary and financial information systems and the results cannot be regarded as a comprehensive statement on them.

4. In addition to its audit of the accounts and financial transactions, the Board carried out reviews under Regulation 12.5 of the Financial Regulations and Rules of the United Nations. The reviews primarily concern the efficiency of financial procedures, the internal financial controls and, in general, the administration and management of UNFPA.

5. In 1992-1993, the Board examined the following areas:

(a) UNFPA's planning, monitoring, and evaluation of technical cooperation projects;

(b) Procurement procedures for project and non-project supplies and equipment; and

(c) UNFPA's management of information technology.

6. A summary of the Board's principal recommendations is in paragraph 9. The Board's main findings are reported in paragraphs 10 to 27. Our detailed findings are reported in paragraphs 28 to 121.

Action taken on recommendations in previous reports to the General Assembly

7. The Board has, as requested by the General Assembly in resolution 47/211 of 23 December 1992, carried out a review of the measures taken by UNFPA in response to the recommendations made by the Board in its audit report for the biennium ended 31 December 1991. Whilst UNFPA has responded positively to the Board's recommendations, it still requires to give attention to the monitoring of trust funds, the support and involvement of management with internal audit, and the updating of the Policies and Procedures Manual. The details of the actions taken by UNFPA, together with the comments of the Board, are set out in the annex to this report.

Overall results

8. Subject to the restriction on the scope of our audit described below in paragraphs 28 to 30, the Board's examination revealed no weaknesses or errors considered material to the accuracy or completeness of the financial statements as a whole. In accordance with normal procedures, the Board recorded significant findings in management letters to UNFPA. None of these matters affected the Board's audit opinion on UNFPA's financial statements and schedules for the period.

Recommendations

9. The Board recommends that the following actions be taken by UNFPA:

Financial matters

Advances to executing agencies

(a) All disbursement reports received before the closure of the accounts should be reflected in the correct year of account (para. 32);

(b) UNFPA should ensure that disbursement reports from agencies are returned promptly and that the funds advanced to agencies are in accordance with their needs (para. 33);

Trust funds

(c) In future trust fund interest should be credited to the fund in the year it is earned (para. 46);

Management issues

Programme and project management

(d) Future Programme Reviews and Strategy Development (PRSD) exercises should include a full evaluation of past programme performance (para. 54);

(e) With regard to the continuing problems with project design and formulation, greater effort should be devoted to training, particularly for field staff (para. 73);

(f) Project appraisal procedures should be applied more vigorously at all levels (para. 73);

(g) During project planning, more attention should be paid to assessing the capabilities of executing agencies (para. 77);

(h) Project documents should include a statement of the requirements expected of executing agencies. UNFPA should monitor performance against these statements (para. 80);

Procurement of goods and services

(i) The policy of providing brand products on request should be reviewed, in the light of the significant potential savings, arising from the substitution of equivalent formulation products (para. 92);

(j) UNFPA should take full advantage of the benefit accruing from coordinating procurement activity (para. 94);

Management of information technology

(k) All future information technology projects should be subject to cost benefit analysis (para. 109).

Summary of main findings

Financial matters

On programme expenditure incurred by executing agencies

10. UNFPA includes in its financial statements details of expenditure on its behalf by its executing agencies (this includes United Nations agencies, Governments and non-governmental organizations). The Board does not have access to the expenditure records of executing agencies and, consequently, must rely on the work of other external auditors to gain assurance that the funds advanced have been expended properly. At the date of finalization of the financial statements, audit certificates had not been received in respect of programme expenditure, totalling $27.1 million, representing 12.5 per cent of the funds expended by these agencies. Accordingly, the Board has restricted the scope of its audit opinion (paras. 28 to 30).

On advances to executing agencies

11. The Board found that advances of operating funds outstanding at 31 December 1993 totalled $27.1 million of which $16.6 million had been advanced to Governments. The Board noted that government disbursement reports totalling $4.8 million relating to 1992-1993 had not been processed; therefore, reported expenditure is understated by this amount (paras. 31 to 33).

On Common Accounting Standards

12. UNFPA has generally complied with the United Nations System Common Accounting Standards in preparing its 1992-1993 financial statements, except in a few specific areas, such as the valuation of property (paras. 34 and 35).

On technical support services

13. UNFPA has introduced new technical support services as part of its successor support cost arrangements. It is too soon to comment on how well the new arrangements are meeting their primary objectives. However, the Board noted early difficulties in establishing the new country support teams and defining their working relationships (paras. 36 to 39).

On inventories of non-expendable property

14. The Board found that the inventory valuation disclosed is inaccurate in that 53 of the 96 field offices have not made an inventory return for 1993, and the valuation is based on their 1992 returns (paras. 41 to 43).

On trust funds

15. The Board found that two of UNFPA's trust funds had negative balances as at 31 December 1993. The Board recommends that UNFPA redouble its efforts to ensure that trust funds are monitored properly. UNFPA has changed the way that interest earned on trust fund balances is credited to individual trust funds. The Board considers the change in policy a retrograde step (paras. 45 to 46).

Management issues

Project management

16. The Board examined UNFPA's management of the programmes and projects it has funded. The Board found that generally UNFPA managed its projects well but that there were certain areas where improvements are required (paras. 48 to 52).

On project planning

17. The Board and UNFPA found that the quality of the Programme Review and Strategy Development (PRSD) reports had been uneven, both in context and depth of analysis (paras. 53 and 54).

On project design

18. The Board's examination of project documents found a number of significant shortcomings which in many cases were indicative either of deficiencies in the design of the project or of difficulties in the management of the project (paras. 60 to 73).

On project implementation

19. The Board considers that, as projects are formulated, more attention should be paid to assessing the capabilities of executing agencies, so that this can be reflected in the project design, and then avoid wasting resources on projects where the objectives are not achievable (paras. 74 to 77).

20. With regard to executing agencies, the Board also considers that project documents should include, either in the main document or as an annex, a statement of the requirements in respect of management and technical support expected of an executing agency, what the agency is responsible for doing, the information that should be provided and when, and that UNFPA should monitor the agency's performance against that statement (paras. 78 to 80).

On project evaluation

21. The Board commends the increased use of independent evaluation by UNFPA, believing it will increase the cost-effectiveness of future projects and provide a valuable information bank (paras. 85 to 87).

Procurement of goods and services

On procurement of contraceptives

22. With regard to the purchase of contraceptives, the Board was satisfied that UNFPA's rules and regulations were being followed and that wherever possible competition is encouraged (para. 89).

On provision of contraceptive brand products

23. The Board found that there are potential savings to be made by substituting generic equivalents for branded products (paras. 90 to 92).

On coordinated procurement

24. The coordinated procurement of contraceptives by development agencies should bring about economies of scale resulting in lower unit prices. The Board found that UNFPA could exert considerable influence over the market in order to create more competition in what are often monopolistic market situations (paras. 93 and 94).

Procurement of other goods and services

25. With regard to the procurement of other goods and services, the Board found that in a number of cases UNFPA had fallen short of full compliance with its financial rules and regulations. UNFPA has accepted that revisions to its procedures are required (paras. 95 to 104).

On the management of information technology

26. The Board found that UNFPA had followed best practice in drawing up its information technology strategy. The plan was well conceived and demonstrated clear linkage to the organization's business objectives (paras. 107 to 109).

27. The Board found that, so far, the strategy has been implemented according to plan, to time and to cost. The Board found that UNFPA had difficulty in evaluating the benefits arising from the implementation of the strategy because no criteria were established against which cost-effectiveness could be measured. The Board feels strongly that measurable evaluation criteria should be established before any project is started (paras. 111 to 120).

Financial issues

Programme expenditure incurred by executing agencies

28. UNFPA includes in its financial statements details of expenditure incurred on its behalf by executing agencies (this includes United Nations agencies, Governments and non-governmental organizations (NGOs)). This information is based on expenditure statements prepared by the executing agencies. These statements should be supported by audit certificates provided by the external auditors of the agencies concerned. In the biennium ended 31 December 1993, $216 million of programme expenditure was incurred by executing agencies under these arrangements.

Programme expenditure (excluding UNFPA) 1992-1993

Executing agency	Project costs $	Technical support $	Administrative and operational services	Total $	Audited $	Percentage
United Nations agencies (excluding UNFPA)	93.6	24.9	7.6	126.1	126.1	100.0
Governments	48.7	-	-	48.7	37.9	78.0
Non-governmental organizations (NGOs)	39.1	0.2	2.3	41.6	25.3	60.8
Total (excluding UNFPA)	181.4	25.1	9.9	216.4	189.3	87.5

29. The Board does not have access to the expenditure records of executing agencies. Consequently, the Board relies on the work of other external auditors, as evidenced by the audit certificates, to gain adequate assurance that the funds advanced to executing agencies, and reported in UNFPA's financial statements, have been properly expended on UNFPA projects.

30. At the date of finalization of the financial statements of UNFPA, audit certificates had not been received from Governments and non-governmental organizations in respect of programme expenditure totalling $27.1 million. This expenditure has been included in the financial statements of UNFPA on a basis consistent with the unaudited reports from the executing agencies concerned. However, due to the absence of audit certificates, there is insufficient evidence to allow the Board to form an audit opinion in respect of this expenditure. The Board has restricted, therefore, the scope of its audit opinion to exclude this expenditure.

Advances to executing agencies, Governments and other agencies

31. The Board noted that the balance of operating funds provided by UNFPA to executing agencies, Governments, intergovernmental institutions and other agencies, including non-governmental organizations, as at 31 December 1993, has increased by over 50 per cent, compared to the balances as at 31 December 1991. This increase is analysed below.

	1991 $m	1993 $m
Operating funds provided by UNFPA to executing agencies	8.2	4.4
Operating funds provided by UNFPA to Governments	7.0	16.6
Operating funds provided by UNFPA to non-governmental organizations	2.3	6.1
Total operating funds provided by UNFPA to other bodies	17.5	27.1

32. As disclosed in note 5 to the financial statements, from 1 January 1993 responsibility for the processing of all financial transactions pertaining to government-executed projects was transferred to UNFPA field offices. UNFPA has adopted the policy that any government disbursement reports which were not processed by 31 December 1993 will be recorded in 1994. In January and February 1994, UNFPA field offices received disbursement reports relating to 1992-1993 to the value of $4.8 million. In the Board's view, these sums should have properly been reflected in UNFPA's Income and Expenditure Account (Statement I) and should have been processed during the closure period. The Board recommends that all disbursement reports relating to the previous biennium received before the closure of the accounts for that biennium should be reflected in the correct period of account.

33. Setting aside this adjustment, the increase in advances is still significant. The Board recommends that UNFPA monitor the position to ensure that:

(a) Disbursement reports from all agencies are returned promptly; and

(b) The funds advanced to agencies are in accordance with their needs.

Common Accounting Standards in the United Nations System

34. In 1993, following the final report of the United Nations Working Party on Accounting Standards, the Administrative Committee on Coordination approved formal accounting standards for the United Nations system. The General Assembly took note of the standards in its resolution 48/216 C of 23 December 1993.

35. The Board assessed the extent to which UNFPA's financial statements for the 1992-1993 biennium conform to the Common Accounting Standards. The review indicated that UNFPA has generally complied with the standards in 1992-1993, but that further work needs to be done in the 1994-1995 biennium to bring the UNFPA financial statements fully into line with the standards. The main area for attention is the inclusion in the financial statements of a valuation of UNFPA's property.

Technical support services

36. In 1992, UNFPA introduced new arrangements to meet the costs involved in providing technical and administrative support to projects. These arrangements are complex but, in essence, UNFPA now provides technical support directly instead of paying agencies to provide this service. They do continue, however, to pay the administrative costs of the agencies. The level of funding for

support costs to United Nations executing agencies has therefore been cut from 13 per cent of project expenditure to 7.5 per cent. This applied to all executing agencies from 1992 except the United Nations and its regional commissions which joined the scheme in 1993. Support costs for regional and interregional projects are negotiated individually. Non-governmental organizations receive up to 12 per cent for executing projects and UNFPA receives 5 per cent for administrative costs on government-executed projects.

37. To provide technical support, UNFPA has established eight regionally based country support teams made up of experts in various population disciplines drawn from United Nations executing agencies, non-governmental organizations and UNFPA itself. The Governing Council approved the creation of 164 Professional posts for the new arrangements, to be in place by the fourth year of implementation. As at April 1994, 122 posts had been filled.

38. The Governing Council approved budgets for the technical support costs of $20.1 million and $21.4 million for 1992 and 1993, respectively (DP/1991/35). The 1992 and 1993 figures were subsequently reduced to $15.7 million and $20.1 million respectively. The budget for the biennium was therefore $35.8 million against which UNFPA has expended $31.9 million. In addition, it has paid executing agencies another $9.9 million as administrative support costs.

39. It is too early to say how well the new arrangements are meeting the primary objective of providing coordinated, effective and timely support for population programmes and policies in developing countries. However, there have been early problems in establishing the country support teams and in defining their working relationships with UNFPA's country offices, the Governments and the agencies. There is a need for strong control to ensure that the work of the teams remains tightly focused on population-related activities. The Board also noted some early concerns in one office that the country support teams were duplicating functions already provided by UNDP and/or UNFPA country director offices. UNFPA is employing independent consultants to undertake a full evaluation of the new successor cost arrangements and will be reporting on the outcome of the evaluation to the Executive Board in 1995. The Board intends looking at the outcome of the evaluation, UNFPA's control of the arrangements and the costs in due course.

Successor support cost arrangements

40. The UNFPA Governing Council approved a budget of $130.3 million over the period 1992-1995 for technical support (TSS), administrative and operational services (AOS), but they stated that the expenditure must not exceed 13.8 per cent of the programmable resources for that period. The cost of setting up the country support teams' offices has meant the expenditure has been front loaded, but this has been offset by delays in staff recruitment. Total expenditure in the biennium for TSS and AOS was $41.8 million which is 13.5 per cent of the total programmable expenditure of $309.3 million. Thus far, UNFPA has kept within the Council's limit.

Inventories of non-expendable property

41. The value of the non-expendable property held at both headquarters and in the field offices has for the first time been recorded in a note to UNFPA's biennial financial statements. UNFPA estimated the value of its non-expendable

property at 31 December 1993 at headquarters and field offices was $2.3 million and $2.0 million respectively (see note 22). The Board of Auditors found that the field office figure is misstated.

42. Each field office is required to maintain its own inventory and to notify headquarters of the value as at 31 December. As at 31 December 1993, 53 of the 96 field offices had failed to make a return for 1993 and the valuation disclosed in the accounts is therefore based on their 1992 returns.

43. The Board has examined the control of the individual inventories at headquarters and at the field offices in Costa Rica, Madagascar and Mexico. We found them to be up to date, well kept and well controlled.

Reserve for field accommodation

44. When host Governments are unable to provide office space and none can be leased, then the five members of the Joint Consultative Group on Policy (JCGP) (including UNFPA and UNDP) jointly construct their own premises. Construction costs are to be shared between the occupiers on a pro-rata basis. The construction of field accommodations was being financed by UNDP from its Reserve for Field Accommodation, which was established by the Governing Council in decision 79/43. UNFPA was advised by the UNDP that funds earmarked by the Governing Council had been used up and that, as in the case of other members of the JCGP, UNFPA would have to contribute directly to these costs. As disclosed in note 13, the Governing Council approved the establishment of a reserve at the level of $5 million for 1992-1993. There were no draw-downs from this reserve in 1992-1993.

Trust funds

45. Two of UNFPA's trust funds have negative balances as at 31 December 1993, totalling in aggregate $205,000 (schedule 8 to the financial statements). In its report on the previous biennium (1990-1991), the Board commented on the negative balances on trust funds at the end of the biennium. UNFPA's Financial Regulations and Rules (Regulation 5.2) requires that all trust funds are accepted only on a fully funded basis. Adherence to this regulation requires funds to be available before expenditure is incurred. The Board recommends that UNFPA redouble its efforts to ensure that trust funds are monitored properly.

46. In 1992-1993, there has been a change in the way that interest earned on trust fund balances invested in a common pool is credited to individual trust funds. Prior to 1 January 1992, such interest was transferred in the year it was earned. Now it is transferred in the year after it is earned. Note 18 states that for 1992, the figure was $343,117. No figures were available for the interest earned in 1993. The Board considers the change in policy a retrograde step and recommends that in the future trust fund interest is transferred from general resources in the year it is earned.

Cases of write-off and ex gratia payments

47. UNFPA has reported two cases of property losses totalling $72,829 and three cases of ex gratia payments, totalling $18,980. In one case, property valued at $71,300, the entire inventory of a field office, was written off as a total loss due to civil war in the country concerned. All cases were dealt with in full compliance with the Financial Rules and Regulations.

Management issues

Programme and project management

Introduction

48. In 1992-1993, UNFPA spent $262.5 million in assisting 1,846 country and 333 regional and intercountry projects. A further $46.8 million was spent in providing technical, administrative and operational support to those projects. Programme expenditure over the last five years has been:

	1989 $m	1990 $m	1991 $m	1992 $m	1993 $m
Project costs	157.5	168.9	171.8	128.2	134.3
Agency support costs	14.0	14.6	15.0		
TSS and AOS costs				22.8	24.0
Total programme costs	171.5	183.5	186.8	151.0	158.3

Note: Under the new successor support cost arrangements, starting in 1992, all technical support services (TSS) costs and administrative and operational services (AOS) costs are included under programme expenditures.

Scope of the examination

49. The Board's review of UNFPA's management of technical cooperation projects covered the following issues:

(a) Whether the procedures for project planning and approval provide a firm basis for project implementation;

(b) Whether implementation of projects is monitored effectively;

(c) Whether there is clear and effective accountability for the management of projects; and

(d) Whether evaluation arrangements are satisfactory and the results usefully applied.

The Board's examination covered 44 individual projects and included field visits to four countries - Bolivia, Costa Rica, Madagascar and Mexico.

Project formulation

50. Clear development strategies and programmes are an important prerequisite to project formulation. In this respect, UNFPA is in a difficult position. It is bound to recognize the sovereign authority of the member States it assists to develop their own strategies and programmes, yet at the same time it must channel the assistance it provides in line with its overall aims and objectives as mandated by the Executive Board.

51. Priority areas for UNFPA assistance are defined by Governing Council decision 81/7 which established a framework for strategic planning and the allocation of resources. UNFPA considers that its biennial reports to the

Governing Council monitor its progress and define how and what UNFPA seeks to achieve in its activities. The General Assembly has mandated the International Conference on Population and Development in September 1994 to establish quantitative operational goals. UNFPA intends defining mechanisms for translating the goals into UNFPA-funded activities.

52. UNFPA's medium-term operational strategy and annual work-plan set out in general terms a prioritization of UNFPA's objectives and set out resource allocations between regions and functions. However, it is not clear to the Board how these general principles are translated into firm programmes of action and the identification of individual projects.

53. Every five years UNFPA initiates, for each country, a Programme Review and Strategy Development exercise. This is undertaken by a team of UNFPA's staff and outside experts, in close cooperation with the country's Government.

54. A report by UNFPA to the Governing Council (DP/1992/25) noted that the quality of PRSD reports to date had been somewhat uneven, both in context and depth of analysis. The Board's examination of a selection of PRSD reports confirmed this and found that there is very little analysis of either programme or project achievements.

Resource allocation

55. UNFPA has established criteria, approved by the Governing Council, for identifying priority countries. Of the 150 countries currently assisted by UNFPA, 58 are regarded as priority countries. UNFPA aims by 1994 to allocate 80 per cent of its country programme resources to these countries. In 1992-1993, the proportion of programme resources devoted to these countries was 74 per cent.

56. For management purposes, UNFPA divides the world into four regions and funds projects in seven major programmes. In 1992, the latest year for which full expenditure data were available, the allocation of expenditure across UNFPA's main programme areas by region was as follows:

Programme/region	Africa $m	Asia $m	Arab States and Europe $m	Latin America and Caribbean $m	Inter-regional $m	Total $m
Basic data collection	3.7	1.7	1.2	1.8	0.3	8.7
Population dynamics	4.1	3.0	1.9	1.5	1.1	11.6
Formulation & evaluation of population policies & prgms.	5.1	1.5	0.1	1.6	3.0	11.3
Family planning	12.8	35.0	5.1	7.0	6.7	66.6
Communication and education	8.0	5.1	1.4	2.0	2.6	19.1
Special programmes	1.6	2.0	0.4	0.6	0.8	5.4
Multi-sectoral activities	1.7	1.3	0.6	0.9	1.0	5.5
Total	37.0	49.6	10.7	15.4	15.5	128.2

Procedural guidance

57. There is a comprehensive set of procedural guidelines for programme and project management, but they are contained in 10 or more different documents.

These documents are not easy to follow, are sometimes inconsistent, and do not always explain the reasoning behind the procedures.

58. UNFPA has recognized that there have been problems, both in applying the guidelines, and in training their field officers on how to use them. In response to these problems, a new approach has been adopted and a single guidance document has been produced that will cover the whole project cycle. It is simpler and explains more clearly why certain procedures are necessary. New training courses are being developed in tandem with it.

59. The Board commends UNFPA's new approach and is pleased to see that UNFPA agrees that there is a need for improved coordination concerning the issue of field office guidance. UNFPA is reviewing the Board's proposal to assign a focal point for issuing documentation to the field.

Project planning

60. Within the framework of the approved country programme, national Governments are responsible for formulating projects. In practice, UNFPA plays an important role in the process by guiding and advising Governments and institutions. UNFPA has much detailed guidance for project formulation and evaluation.

61. In the initial stage, Governments, in consultation with UNFPA, are asked to prepare a project formulation framework as an aid to identifying the key issues and establishing the major elements and structure of a project before time and resources are invested in drawing up the detailed project document. This is intended as a pre-screening process for new proposals to identify unsuitable projects before UNFPA is committed to accepting them. In two of the three countries that the Board visited the Framework was only being used for projects which were already well advanced. It was argued that the project formulation framework was too long and detailed. In the third country where the Framework was being used before detailed work commenced, the questions were only being answered in a cursory fashion which brought into doubt the value of the exercise.

62. UNFPA has also found that this pre-screening step is ignored in many project design exercises. As part of the new project cycle guidelines a new, shorter form has been devised. It focuses clearly on the project's viability, whether it relates to UNFPA's objectives or whether it would be better funded by another source, contains clearly measurable objectives and an identified target group, and is sustainable. Used properly, the form would prevent a lot of wasted effort going into project formulation and would improve project design.

63. The Board welcomes the introduction of the new project formulation framework guidelines form and notes that UNFPA's country support teams will be closely involved in the future, both in project formulation and in monitoring and evaluating projects.

64. Project documents should set out longer range development and immediate project objectives; specify the activities and outputs required; identify the input to be provided by Governments and UNFPA; specify performance measures and incorporate preliminary work plans. They are signed jointly by UNFPA, the donor and the Government and constitute the formal agreement between these parties.

65. The Board's examination of project documents at field office and at headquarters found a number of significant shortcomings. In many cases this was

indicative of either deficiencies in the design of the project which can lead to resources being wasted, objectives not being achieved and UNFPA's credibility being put in doubt, or to difficulties in the management of the project. In all 41 projects examined there was no explanation in the document as to how the project would help the achievement of UNFPA's aims and purposes or its short-term objectives. However, the substance of the great majority of the projects fell clearly within UNFPA's mandate and in many cases there was a clear link to both the Government's objectives and the country programme.

66. In 20 of the projects the Board examined, few of the objectives were defined in measurable terms. For the rest, where quantitative measures were stated, there were no qualitative targets. For example, the number of staff or target population to be trained would be stated, but there was no indication of what level their training was to reach or what they would be expected to know at the end of the project. In other cases, the objective might be to improve the quality of family planning services, but there was no indication of how quality was defined or what quality of services was to be provided.

67. The impact of an individual project on the long-term aims of a country programme is clearly difficult to assess. However, the Board recommends that intermediate performance measures, set out in both qualitative and quantitative terms, should be established for each individual project. This will aid both the monitoring and the evaluation of the project and better management.

68. All projects sent to UNFPA headquarters for approval are appraised by a high level group, the Project Review Committee. The Board found that during 1992 and 1993 the Committee has become more searching in its comments and has expressed stronger reservations about projects. In particular, they have queried the ability of agencies to execute projects, the suitability of project objectives and the absence of performance measures.

69. In only 18 of the projects examined was there any consideration of the impact that the proposed project would have on other development projects. A wide range of other development agencies operate in the recipient countries and in many cases there was little consideration of how a project would be affected or would affect those agencies' projects. In one example, a project had to be shut down after nearly a year because it was virtually identical to a UNIFEM project that was already running in the country concerned. A country programme's review of past assistance noted that "overlapping of geographic areas of intervention with other agencies providing family planning services led to duplication of effort and resources". Whilst there has been increasing emphasis on UNFPA coordinating population aid in a country this has still to extend to the project level. One Programme Review and Strategy Development report stated that population projects had been implemented sporadically, partly because external aid obtained by public and private institutions had not been well coordinated. Efforts had been duplicated and resources wasted due to the lack of coordination mechanisms among national institutions and donor agencies.

70. UNFPA has stressed many times the need to increase developing countries' self-reliance through systematic efforts to build institutional capacity as part of its project activities and funding. In only 20 of the projects examined was the question of sustainability addressed. In many cases the assumption was that future UNFPA assistance would be required. Very few of the projects appeared to be designed in such a way that the funded activities could be sustained in the future without UNFPA assistance. Whilst it is accepted that many of the countries do not have the resources to support activities themselves, better project design could work towards achieving the overall aim.

Project work plans

71. The Board found that many of the preliminary work plans set out in the project documents did not form an adequate basis for running the project. Often the necessary details are only worked out once the project has commenced, leading to delays and poor integration of inputs in the early stages.

72. UNFPA is aware of the problems, and its own reviews have revealed conceptual problems in project design. Common deficiencies identified were: poorly stated objectives (whose achievement could not be measured); illogical or unjustified project strategies; objectives, outputs and activities that are confused and inadequate statements of the underlying problems and rationale for the project. The new project cycle guidelines should make a difference. But change will only come about with greater resources being devoted to the training of field staff.

73. The Board recommends that, in view of the continuing problems with project design and formulation, greater effort should be devoted to training, particularly of field staff, and that project appraisal procedures be applied more rigorously at all levels.

Project execution

Executing agencies

74. UNFPA uses a variety of agencies to execute its projects. The following table shows the executing agencies' expenditure as a percentage of the total programme expenditure over 1989 to 1992.

	1989	1990	1991	1992
Government	14	19	18	22
UNFPA	17	15	17	24
United Nations agencies	56	54	53	39
Non-governmental organizations	13	12	12	15
Total	100	100	100	100

The table shows a marked shift, in line with UNFPA policy, from project execution by United Nations agencies towards execution by national Governments. UNFPA told the Board this trend continued in 1993, but detailed figures were not available at the time of preparation of this report. UNFPA's increased share of the expenditure reflects the increased levels of UNFPA purchases of supplies for government-executed projects.

75. UNFPA has had a number of problems with executing agencies. Where government departments are the executing agents, there has often been an over optimistic view taken of their capabilities. This coupled with an ambitious project has often meant that the project has not achieved all its objectives. With United Nations agencies, the problem has often been the insufficiency of managerial and technical staff to deal with a project. The same problems do not seem to occur with the non-governmental organizations. Although one country programme noted "the desired linkage did not materialize because of lack of expertise on the part of the national non-governmental organizations in carrying out these integrated programmes".

76. The Project Review Committee often queries the capability of a non-governmental organization where they are the executing agent. Approval has been deferred whilst the field office satisfies the Committee of the organization's abilities and background. However, there does not appear to be any procedure for assessing institutional capacity, either of a government department or the local office of a United Nations agency. The policy of supporting and building up the national execution capacity requires that an initial assessment be made of that capability and that this be taken into account in the design of projects.

77. The Board recommends that, as projects are formulated, more attention be paid to assessing the capabilities of executing agencies, so that this can be reflected in the project design, and so help to avoid wasting resources on projects where the objectives are not achieved.

78. A number of evaluations have been carried out of United Nations agencies and the projects that they have executed, but these have tended to look at the organization as a whole rather than at the local level. Whereas an agency may appear ideally suited to execute a project, its capacity at the local level in a particular country may be such that it cannot support the project. An assessment of the local office could identify any weakness and propose appropriate remedies. This needs to take place before a project formulation is completed. A project document should detail all that is required of an executing agency and UNFPA should monitor an agency's performance against that requirement.

79. In many of the cases examined where a United Nations agency was the executing agency, the quality of the progress reports was poor. In some cases the field office did not even get a copy of the progress report. This lack of information meant that the field office could not monitor the performance of the agency; could not act to revise the project if it was not being carried out satisfactorily; and could not be certain that the work was cost-effective.

80. The Board recommends that project documents should include, either in the main document or as an annex, a statement of what is required in the way of management and technical support from an executing agency, what the agency is responsible for doing, the information that should be provided and when, and that UNFPA should monitor the agency's performance against that statement.

Project monitoring

81. In some of the projects examined there were good examples in the annual progress reports of a clear linkage to the project's objectives, the activities and tasks, and the achievements against the objectives. In these cases it was easy for the tripartite review meeting to see what progress had been made, whether any revision was necessary and whether the project was likely to be completed in time. However, in many other cases, partly because of the confused nature of the project design, the progress reports did not clearly establish what had been done, whether it was relevant to achieving the objectives or what remained to be done. Progress reports need to be defined better and their content should be more suited to monitoring the activities undertaken, whether these are relevant to the achievement of the objectives.

82. The field offices' financial role, with regard to projects, is to monitor year-end estimated expenditures, based on project level allocations, to ensure that the programme ceiling for the country as a whole is not exceeded. Where the executing agencies are the Government or the non-governmental organizations,

the field offices receive the financial information on time but they do not usually receive it till much later for the United Nations agencies. The financial information inevitably went straight to headquarters and was often late. This weakens the field office's ability to monitor or control the project expenditure. However, improvements are being made to the way information is made available to field offices.

83. In the countries visited by the Board's staff, virtually all the current projects had revised budgets. The revisions sometimes dealt with changes within the approved budgets, but some led to increases in the budgets. The large number of budget revisions is costly in administrative terms and unduly complicates the control over expenditure. A review of budget revisions to projects at headquarters revealed many large increases, often of more than 100 per cent. Most were related to project extensions. In the Board's project sample there were no cases where the budgets had been exceeded. However, UNFPA could not demonstrate adequately what mechanisms were in place to ensure that resources were well spent before a budget increase was proposed and sanctioned.

84. Several of the projects examined had started late. One, due to start in March 1992, had still not started in June 1993. The start of another was delayed for over a year because an adviser had not been appointed. In other projects the completion date had been extended by several years, two due to finish in 1990 were still being funded in 1993. In some cases the projects had been delayed by striking government workers or by political upheaval. However, in others the time needed to establish the personnel and equipment or to complete the work had been seriously underestimated. From the Board's examination it was clear that few projects are completed on time or within the original budget.

Evaluation

85. An increasing number of projects include provision for independent evaluation sometime during the course of a project. This provides UNFPA with vital information, both on the achievement of a project's objectives, and as lessons learned for the future. UNFPA's "lessons learned" database was not used much because it was cumbersome and unhelpful. It has now been suspended and a new evaluation database is being established. The Evaluation Branch has issued a new questionnaire which summarizes the main conclusions and recommendations of an evaluation, highlighting those which would be applicable to projects in the same substantive area. The questionnaire will be used as the basis for the new database. The information from evaluations can also be used either to revise and redirect a project or can be useful in the formulation of follow-up projects. Without proper evaluations, UNFPA would have difficulty in establishing what it has achieved. For instance, one country programme noted "there is no data or follow-up actions to assess the impact or sustainability of the activity".

86. One of the Board's staff, in the company of an independent evaluator, visited a project in the field. The project's main objective was to raise the awareness of women to family planning, family health and income generation. The project did not define the existing level of awareness nor did it say exactly what the women were expected to learn. The evaluator had great difficulty in deciding by what criteria to judge the effectiveness of the project. A baseline study should precede the project formulation, providing the starting point against which progress can be measured and an indication of what needs improving. The objectives can then set a target for the improvement and meaningful criteria by which the project's impact can be judged. A random

review of project evaluation reports by UNFPA identified such common shortcomings as inadequate project design, delays in work plan implementation, and a lack of baseline information. UNFPA's Evaluation Branch has recently issued a checklist to field officers for appraising projects to see that sufficient preparatory work has been done and that a project has proper objectives and evaluation criteria.

87. The Board commends the increased use of independent evaluation, believing it will increase the cost-effectiveness of future projects and provide a valuable information bank. The Board recommends that for evaluations to be successful they require more baseline studies to be undertaken and project objectives to be measurable in qualitative and quantifiable terms.

Procurement of goods and services

Introduction

88. In 1992-1993, UNFPA headquarters placed orders for goods and services worth $105 million, of which $89 million was spent on contraceptives (including medical equipment) and $16 million on other goods and services. Of this total, $46 million related to procurement on behalf of Governments for projects funded from sources other than UNFPA (agency procurement). An additional $1.7 million was spent on procurement by UNFPA field offices, in accordance with UNFPA's decentralized procurement policies. UNFPA procurement expenditures over the last five years are shown below:

Procurement expenditure: 1989 to 1993

Year	No. of purchase orders raised	Total expenditure $ million
1989	657	26.5
1990	762	27.7
1991	825	30.1
1992	1 176	58.5
1993	1 278	46.5

Procurement of contraceptives

89. The Board examined a sample of contraceptive and associated medical equipment purchases. This included a review of all submissions to the Contracts Review Committee (purchases over $70,000) plus a sample of other, lower value purchases. In all cases the Board was satisfied that UNFPA complied with the relevant regulations and rules. UNFPA has built up a broad knowledge of the international contraceptive market and is keenly aware of potential sources of supply, public sector prices and quality considerations. The Board noted that, wherever possible, competition is strongly encouraged and there is an awareness of the need to continually improve the prices and terms offered to UNFPA.

Provision of brand products

90. UNFPA's policy is to provide brand products when specifically requested, in order to respect each Government's right to choose the products used in their programmes. In 1992-1993, as a direct result of this policy, 38 per cent by value of all purchase orders for contraceptives were placed with a single company and a further 17 per cent with a second company, some $39.6 million and $17.4 million respectively. UNFPA's Contracts Review Committee has questioned this policy, noting that there are often "considerable variances in price for equivalent and/or identical products". The Committee recommended that the policy of providing brand contraceptives, when requested, should be reviewed. However, this matter is still pending.

91. The Board identified two cases where total savings of approximately $0.95 million had been achieved by switching to cheaper, equivalent products, a saving in the two cases of at least 15 per cent. The Board also found that there are potential savings to be made in other cases where equivalent formulation (generic) products can sensibly be substituted for brand products. This is particularly so in the case of oral contraceptives which accounted for 47 per cent of total expenditure on contraceptives in 1992-1993. The table, below, shows the pattern of expenditure on contraceptives in 1992-1993.

Expenditure on contraceptives in 1992-1993

Type	1992 $m	1993 $m	Total $m
Oral contraceptives	31.6	10.3	41.9
Injectables	10.0	12.9	22.9
IUDs	3.8	2.2	6.0
Raw materials*	2.7	2.5	5.2
Condoms	2.1	2.4	4.5
Spermicides	0.4	1.5	1.9
Implants	0.4	0.3	0.7
Medical equipment	2.6	3.7	6.3
Total	53.6	35.8	89.4

* For production of oral contraceptives.

92. The Board recommends that, in the light of the significant potential savings which could be achieved, urgent consideration is given to reviewing the policy on providing brand products and to producing guidelines on the substitution of equivalent formulation products. These will, of course, need to take account of the impact which brand changes can have on the use of contraceptives. The Board appreciates also that in some cases, such as in the case of "tied" aid, it may not always be possible to make such substitutions.

Coordinated procurement

93. In May 1991, UNFPA's follow-up consultative meeting on "Contraceptive Requirements in Developing Countries in the 1990s" noted that "coordinated procurement (of contraceptives) would result in economies of scale with a distinct lowering of prices resulting from significant increases in volume". The Board's examination found that this is possible and that increased volumes also enable UNFPA to exert considerable influence over market forces in order to create more competition in what are often monopolistic, or near monopolistic, market situations.

94. Since 1990, UNFPA has been undertaking "agency procurement", that is, the purchase of contraceptives on behalf of other agencies and interested Governments in return for a percentage fee commission. This type of procurement has grown rapidly over the last few years and is largely responsible for the 80 per cent increase in total procurement expenditure over the previous biennium. UNFPA has built up considerable expertise in the procurement of contraceptives and is now one of the largest single procurers of contraceptives worldwide. As the consultative meeting highlighted, it is in a "unique position to play a central role in the implementation of the coordinated procurement" of contraceptives. The Board recommends that UNFPA should take full advantage of the benefits accruing from coordinating procurement activity.

Procurement of other goods and services

95. The Board examined a sample of purchases of other goods and services. This again included a review of all submissions to the Contracts Review Committee (purchases over $70,000) plus a sample of other, lower value purchases. The Board found that in a number of cases, UNFPA had fallen short of full compliance with its financial regulations and rules.

96. In a significant number of the cases examined by the Board, UNFPA's Specialist Procurement Unit had been bypassed. In these cases, requesting units had carried out their own procurement procedures, for instance, identifying potential suppliers, obtaining bids or quotations and assessing bids received. This practice contravenes UNFPA's financial regulations (rule 114.10 (a)) which says that only officers authorized by the Deputy Executive Director can carry out procurement. It also seriously weakens controls designed to ensure effective competitive bidding, maximize economy and efficiency, and to minimize the risk of fraud. In two low value cases examined, the requesting unit had already placed the order and received the goods and invoices before approaching the Procurement Unit. This contravenes financial rule 114.1 which requires that all orders be correctly authorized before commitments are made which will incur financial liability. The involvement of the requesting units should be limited to specifying need and liaising with the Procurement Unit in cases where their technical input is necessary. Responsibility for the identification of potential suppliers, the subsequent procurement action undertaken and the final decision on the award of business should rest with the Procurement Unit in order to maintain a clear separation of functions.

97. The Board recommends that in the future all procurement requests, as specified in UNFPA's financial regulations and rules, are channelled through the Procurement Unit.

98. In three cases examined by the Board, valued at nearly $0.7 million, the Contracts Review Committee had also been bypassed. In each case the requesting unit had approached the previous Deputy Executive Director directly to request

his authorization to waive the requirement for competitive bidding set out in financial rule 114.10 (d). In one case, an annual contract valued at $0.47 million, competitive bidding was waived because of shortage of time. Following the Review Committee's recommendations, enough time was allowed for competitive bidding for the 1993 contract and a saving of $0.14 million was made. The other two cases were reviewed and approved by the Contracts Review Committee ex post facto which, therefore, rendered its deliberations meaningless.

99. The Board recommends that in the future all requests for purchases above $70,000 fully comply with UNFPA's Financial Regulations and Rules and, in particular, are submitted in the first instance to the Contracts Review Committee.

100. At a detailed level, the Board identified a number of inefficiencies and problems in the headquarters procurement arrangements which led either to delay or to potentially higher costs because the market was not properly tested. In particular, the Board noted cases of poor initial specification from requesting units and a high incidence of orders marked very urgent. The urgency of some of the requirements resulted in purchase orders being awarded on the basis of waivers of competitive bidding. These deficiencies arose largely as a result of poor forward planning by the requesting units. The Board also recommended to UNFPA that the threshold for requiring purchases to be channelled through the procurement units should be raised so that the Unit could focus its resources on the higher value purchases. UNFPA has responded very positively to the Board's concerns and has initiated action to deal with the issues raised.

101. The number of requests received by the Procurement Unit increased significantly towards the end of each year of the biennium. In 1992, 50 per cent of the total value of business was placed in November and December. The corresponding figure for 1993 was 40 per cent. This equates to 35 per cent and 45 per cent respectively of all orders generated in these years. The sudden rush of requests appears to be the result of the need to obligate funds before the year end close down. In addition, management has actively encouraged this practice by requesting that isolated purchases planned for 1994 be brought forward to 1993.

102. The Board considers that each unit should be required to complete a schedule detailing their actual and estimated requirements over a specified period of time. This should be updated each month so that the Procurement Unit has a rolling schedule of UNFPA's requirements which can then be used to coordinate procurement more effectively. The Board notes that, for 1994, UNFPA has established a set of deadlines for the submission of purchase requests. The Board also notes that UNFPA has now identified standard lead times for the procurement of commonly requested goods and services as part of a revision of its Policy and Procedures Manual.

103. The Board recommends that requesting units be required to provide adequate lead time for all purchases and to undertake adequate forward planning with regard to their requirements for goods and services.

104. The Board's examination revealed that receiving and inspection reports are often received late, and in several of the cases examined were still outstanding even though the delivery of goods had been effected some time previously. These reports should be completed by field offices for all deliveries of goods procured by headquarters. A copy of the report confirming delivery in good order should be forwarded to headquarters within three weeks of delivery. In

one case a report was not submitted until two months after receipt of the goods and only then did headquarters discover that part of the delivery was either missing or damaged. The total loss was $17,000 and an insurance claim has now been submitted. For insurance recovery to be successful, an early claim is essential, and this can only happen if the reports are returned promptly. The Board considers that receiving and inspection reports are an important control mechanism and recommends that all field offices should be reminded of the need to submit these reports within three weeks of delivery of all goods procured by headquarters.

Management of information technology

Introduction

105. In 1989, the Governing Council of the United Nations Development Programme approved an information technology strategy for the UNFPA. The strategy covered office automation, management information systems and communications and had two key objectives: first, to provide for the automation of key office functions such as text processing and communications and, second, to establish a management information system covering programme resource management and budgetary control, amongst a range of other functions. The total estimated budget for implementing the strategy over the period 1990 to 1995 was $7.7 million.

Scope of the examination

106. The Board's staff reviewed the implementation of UNFPA's strategy and focused on three areas as follows:

(a) Was the information technology strategy consistent with the overall aims and objectives of the Fund;

(b) How well was the strategy implemented; and

(c) Has the strategy yielded the expected benefits.

Planning the strategy

107. Prior to 1989, UNFPA had introduced some microcomputers and databases, but these developments in the use of information technology were uncoordinated. UNFPA employed consultants to review its strategic information needs and to assess the compatibility of the various computer systems available in the United Nations. The consultants' report formed the basis of UNFPA's information technology strategy.

108. The information technology strategy was seen as a key element in improving the organization's administrative efficiency. Once implemented, the information technology strategy would provide access to up-to-date financial and substantive information, eliminate duplicate entries of data, computerize the inventory and procurement systems, and simplify communications. There was also to be in place by the end of 1994 a unified central database, to which each organizational unit is connected. The strategy's implementation was to be spread over three bienniums, providing new systems and benefits that could be absorbed and utilized at a pace suited to UNFPA's size and staff training capacities.

109. The Board found that UNFPA had followed the best practice in drawing up its information technology strategy. The plan was well conceived and demonstrated clear linkage to the organization's business objectives. It also had the advantage of building on UNFPA's previous investment in microcomputers. However, the Board found that the strategy had not been subjected to any detailed cost benefit analysis. The case for adopting the strategy would have been strengthened if it had been underpinned by a detailed analysis of the costs and benefits and the Board recommended that UNFPA should do this in the future. UNFPA accepted the Board's recommendation and has stated it will seek to subject future information technology projects to a full cost benefit analysis and will devise an appropriate set of indicators for this purpose.

110. The Board noted that the strategy did not cover UNFPA's accounting and personnel functions which are currently undertaken on its behalf by UNDP. This is a long standing arrangement which has worked successfully. However, UNDP has now agreed, in principle, that it will in future use the Integrated Management Information System (IMIS), developed by the United Nations to carry out these functions. UNFPA has not yet assessed whether the services offered by the IMIS meet its business requirements. If it does opt to use IMIS for its personnel and accounting functions, it must also decide whether it wishes to continue to do so via UNDP or whether it would be more appropriate to access IMIS directly. The Board considers that UNFPA must now review its options for carrying out its accounting and personnel functions in the light of UNDP's decision to use IMIS.

The implementation of the strategy

111. The Board found that the Programme Resource Management System and the Budget Information System have been developed and are operational in headquarters and in field offices. These systems, along with the Funds Control System, form the Central Data Base that came into full operation in 1993. The database provides information that was previously only available from a variety of sources. There has been extensive staff training in the use of the databases and the other systems, both at headquarters and in the field offices.

112. With regard to office automation, the Board found that almost all of the main components of the strategy have been implemented. The ratio of computer terminals to staff in headquarters is 1 to 1, and all the field offices are equipped with computers. A local area network (LAN) is in place at UNFPA headquarters, giving all staff access to the databases and systems that UNFPA has introduced. The network provides universal access to a word-processing system, spreadsheet and other administrative facilities, it also enables rapid and accurate electronic communication between staff. The network has not yet been extended to field offices due to problems in establishing reliable communication links. However, many of the field offices are linked by electronic mail.

113. UNFPA's Management Committee, among its other duties, controls the strategy's implementation and this appears to the Board to have been working satisfactorily. With the approval of the Committee, the strategy has been modified in the light of experience. The Board found that detailed annual work plans set out how the strategy was to be achieved and who, within the Management Information System Unit, was responsible for carrying it out. The plans established targets and the progress against these was monitored by the head of the Programme Coordination, Management and Field Support Office (PCMFSO).

114. UNFPA's administrative budget for each biennium includes details of its information technology proposals and is approved by the Governing Council.

These budgets have been adhered to, in accordance with UNFPA's financial rules and regulations. The costs were originally estimated at $3.4 million in 1990-1991, $2.4 million in 1992-1993, and $1.9 million in 1994-1995. Although the 1992-1993 expenditures exceeded appropriations by 5 per cent, UNFPA is still within the overall estimate. The table below shows expenditure against budget for the electronic data processing EDP components of the Administrative and Programme Support Services budget (in thousands of United States dollars) for the period 1990-1995:

	1990/91 Budget	1990/91 Outturn	1992/93 Budget	1992/93 Outturn	1994/95 Budget
EDP training	361	175	223	442	260
EDP services	353	357	342	219	444
EDP supplies	162	121	240	121	230
Systems development	503	350	416	345	260
Hardware/software	1 051	1 108	955*	1 164	1 300
Total	2 430	2 111	2 176	2 291	2 494

* The Governing Council approved figure was $798,000, but appropriations were increased by savings achieved elsewhere.

115. The Board found that the strategy has been implemented according to plan. At a macro level, the timetable has been met and the various individual systems have been introduced on or close to schedule. The costs have been properly controlled and are within the original overall estimates, although the spread of the costs between bienniums has inevitably changed over time. The strategy's implementation has been properly controlled, with targets being set and progress monitored.

116. UNFPA has done well to implement the strategy, so far, to cost and to time. The Board, however, felt that better control could be exercised over the implementation of information technology and the policy relating to it and recommended that a senior management committee devoted specifically to information technology should be responsible for setting the Unit's tasks and priorities. UNFPA agreed and is currently setting up a committee specifically to direct and supervise all efforts related to information technology.

Evaluation of the strategy's effectiveness

117. As previously stated, the Board's staff found that when the strategy was drawn up, it was not subjected to any cost benefit analysis. Consequently, no criteria were established by which to judge whether the strategy's implementation was cost effective or whether it had achieved the expected benefits. UNFPA accepted that the anticipated benefits, as defined in the strategy, were not readily quantifiable.

118. However, UNFPA believes it has realized the expected benefits. The Board found that, in some respects, UNFPA is certainly more efficient and effective as a result. In particular, the field offices are in a better position to take on their increased role and have access to the information necessary to monitor and evaluate their projects' progress. The effect of the new technology is still feeding through, and it will take time for the impact to be felt. It is already

shifting time presently spent on administration to project implementation and monitoring.

119. In other areas, the Board's staff found that UNFPA's administrative operations are more efficient, and that there have been considerable cost savings, particularly in communications. UNFPA's evaluation showed that, for instance, it cost, on average, $112 to cable a one-page document to India in 1987 whereas now, using electronic mail, it can be sent for $2.16 a page. The extension of the electronic mail system with suitable telephone equipment is likely to save some $90,000 a year.

120. The Board notes that UNFPA is employing consultants to evaluate the implementation of the strategy and to advise on a future information technology strategy. With regard to future strategic developments, the Board feels most strongly that measurable evaluation criteria should be established before any project is commenced. Without such criteria, it is not possible to judge whether the expected benefits have been obtained and whether the strategy successfully meets its objectives. UNFPA agrees and intends to apply criteria to their information technology related activities.

Cases of fraud and presumptive fraud

121. No cases of fraud or presumptive fraud have been reported by UNFPA.

Acknowledgement

122. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Director of the United Nations Population Fund and her staff.

(Signed) John BOURN
Comptroller and Auditor
General of the United Kingdom
of Great Britain and Northern
Ireland

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Codanda Ganapathy SOMIAH
Comptroller and Auditor General
of India

30 June 1994

ANNEX

Follow-up of actions taken by the United Nations Population Fund to implement the recommendations of the Board of Auditors in its report for the financial period ended 31 December 1991 a/

Board of Auditors recommendation contained in paragraph 6 of its report on the period ended 31 December 1991	Measures taken by Administration	Comments of the Board
Every effort should be made to avert further deterioration of the ratio between operational costs and programme expenditure (para. 70).	During 1992-1993, a savings plan was implemented which reduced APSS expenditure by $17.5 million against budget. APSS expenditure was 84 per cent of the Governing Council's approved total gross appropriation of $110.6 million. In 1994, APSS expenditure is expected to rise by 10.3 per cent compared to 1993 which would still give a saving of $6 million compared to the appropriation for 1994.	The Board found that with the changes in the way that operational costs are accounted for, comparisons with the programme costs were no longer a valid measure of UNFPA's efficiency. A more appropriate measure would be to use the ratio of the UNFPA's APSS costs to income. The ratio was 18 per cent for the 1990-1991 biennium and 19 per cent for 1992-1993. UNFPA's 1992-1993 APSS costs increased by $8 million over the 1990-1991 figure, an increase of 10 per cent. UNFPA has sought to reduce its APSS costs and has experimented with using comparisons between one field office's performance and another's to identify possible inefficiencies.

Board of Auditors recommendation contained in paragraph 6 of its report on the period ended 31 December 1991	Measures taken by Administration	Comments of the Board
The control of UNFPA property entrusted to executing and implementing agencies needs to be strengthened considerably (para. 77). Regarding property control, appropriate provisions and procedures should be established (paras. 74, 79 and 84).	UNFPA has included appropriate provisions and procedures in the agreements being entered into with United Nations executing agencies, specifically requesting them: (a) to maintain complete and accurate records of all non-expendable supplies, equipment and other property purchased with UNFPA funds; (b) to take periodic inventories of all such equipment in accordance with the financial regulations and rules of the executing agency; and (c) to provide detailed reports on such property to UNFPA on request. Similar provisions have been included in the guidelines on financial procedures issued in 1993 to all Governments and NGOs executing UNFPA projects. Section 6.77 of the Policies and Procedures Manual covers inventories and their maintenance. Guidance has been issued on headquarters inventory control.	Field offices are required to check project procurement orders against the annual inventory return from the executing agency. Discrepancies should be followed up. This action coupled with the improvements in the agreements and guidelines should ensure better control. The Board has not yet had the opportunity to test the effectiveness of the new measures. The Board has tested inventory controls in the field and at headquarters and is satisfied that the controls are working satisfactorily.

Board of Auditors recommendation contained in paragraph 6 of its report on the period ended 31 December 1991	Measures taken by Administration	Comments of the Board
The Governing Council's decision regarding a separate Internal Audit Unit for UNFPA should be implemented without delay (para. 95).	The UNFPA Internal Audit Section became operational in May 1993 with the appointment of the Chief of the Section. As a result, 13 UNFPA field offices were audited in 1993, compared with 5 in 1992. UNFPA has also joined UNDP arrangements for services provided by the Regional Service Centre in Kuala Lumpur, Malaysia, which will undertake annual audit coverage of all UNFPA Country Director Offices in the Asia and Pacific Region. Selection of a candidate for the second auditor's post was completed in February 1994 and recruitment has been started.	The new UNFPA Internal Audit Section's coverage of the field offices in 1993 was a considerable improvement on 1992. Similarly, the new arrangements for the audit of the Asia and Pacific region has enabled the section to include 17 field office visits in their 1994 plan. However, no headquarters audit was undertaken in 1993 and only one is planned for 1994. The Board specifically mentioned the low level of headquarters audit coverage in their last report. Previously, the low coverage has been blamed on a shortage of resources but this has been remedied and the Board considered that the 1994 plans be revised to include more headquarters audit. The Board's previous report mentioned the poor involvement of UNFPA senior management in the audit planning. It also mentioned the poor response to audit observations. While the management's response is better, there is still room for improvement. The Board is of the view, recently emphasized by the Chairman of the Board in a submission to the General Assembly (A/48/648), that stronger and more visible support from senior management would assist in generating more effective internal oversight. We would wish to see more evidence of regular discussion between internal audit and senior management of key issues and concerns and how internal audit plans to address them.

Board of Auditors recommendation contained in paragraph 6 of its report on the period ended 31 December 1991	Measures taken by Administration	Comments of the Board
The retroactive approval of contracts with consultants should be discontinued immediately (para. 102).	The Fund issued guidelines on the recruitment of consultants in January 1992 and has taken numerous steps to ensure that field staff strictly adhere to these regulations.	A test examination of consultants' contracts issued in 1993 did not reveal any retrospective approvals. Also, all the consultants had been hired for project specific purposes and were not being used as temporary replacements for established staff.
Procurement services on behalf of other United Nations agencies should be provided on a sound legal basis (para. 126).	The Governing Council approved two new financial regulations (5.4 and 14.6) which allow UNFPA to undertake procurement arrangements with Governments and other organizations. The funds received to undertake the purchases will be placed in a trust fund and accounted for accordingly. UNFPA now undertakes such procurement services only after a formal agreement has been signed with the recipient national authority.	The Board has confirmed that UNFPA entered into formal agreements in respect of such purchases and that the funds are being accounted for through trust funds.
Cost-sharing arrangements regarding premises and services in the field should be based on clear criteria (para. 129).	UNFPA representatives were requested to identify and review cost-sharing arrangements and inform headquarters of the criteria upon which such costs could be apportioned. They were also asked to assess the equity of the charges. The replies are still being reviewed by UNFPA headquarters.	The Board's report commented on the lack of clear guidelines on cost sharing for field offices. While UNFPA is reviewing the charges, no guidelines have been issued. The Board understands that concern has been expressed by some UNFPA offices that they are not getting an adequate service from UNDP. The Board considers that UNFPA should enter into formal service agreements for each field office which should cover the level of service to be provided, performance targets for that service and the basis for any charges.

Board of Auditors recommendation contained in paragraph 6 of its report on the period ended 31 December 1991	Measures taken by Administration	Comments of the Board
The procurement and use of vehicles in field offices need to be reviewed (para. 132).	UNFPA has drafted vehicle policy guidelines designed to address inconsistencies and deficiencies with respect to UNFPA field office vehicles, especially in countries without a resident country director. The guidelines are also designed to complement those provisions in UNDP's General Administration Manual which apply to UNFPA.	The new guidelines have yet to be disseminated. It is therefore too soon for the Board to determine if they will operate effectively. The Board will review this further in its 1994-1995 audit.
Multi-bilateral (trust fund) activities should be more closely monitored to avoid negative balances (para. 112). Multi-bilateral agreements should provide a safeguard against unforeseen financial liabilities of UNFPA (para. 119).	UNFPA has increased its efforts to ensure that project funds are spent only when such funds are available and that authorizations for expenditures are in accordance with the agreements entered into by the Fund and the multi-bilateral donor. To this end, the Fund is monitoring trust fund accounts based on the information provided by the UNDP Treasury Section. Donors are being informed of outstanding funds in a timely manner. The Fund has also amended multi-bilateral agreements to include a procedure for resolution of problems involving financial liabilities.	Despite the Fund's efforts, expenditure was incurred on two trust funds before funds had been received. In one of these cases, which was mentioned in the Board's last report, funds are consistently received after the expenditure has been incurred, contrary to UNFPA's Regulations and Rules. In the other case, funds had been received prior to expenditure being incurred, but the funds were not credited until 1994 due to an administrative error. The Board has commented on the cases elsewhere in its report (see para. 48).

Board of Auditors recommendation contained in paragraph 6 of its report on the period ended 31 December 1991	Measures taken by Administration	Comments of the Board
The UNFPA Policies and Procedures Manual should be updated without further delay (para. 138).	UNFPA states that several sections of the Policies and Procedures Manual were drafted in 1993 and reviewed by an internal working group. After approval of the final version by the Policy and Planning Committee, these chapters will be integrated into the Manual. In addition, the Administration and Procurement Manual is being finalized.	The Board does not consider it satisfactory that it has taken so long to update only part of the Manual. The Board considers that the whole Manual should be updated and issued before the end of 1994 and will be reviewing this further in the 1994-1995 audit.

a/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 5G (A/47/5/Add.7), sect. II, para. 6.

III. AUDIT OPINION

We have examined the following appended financial statements, numbered I to IV, properly identified, Schedules 1 to 8 and the supporting explanatory notes of the United Nations Population Fund for the period ended 31 December 1993 in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency, except that the scope of our work was limited by the matters referred to below and as explained in paragraphs 28 to 30 of our report. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

Subject to any adjustments that may be found to be necessary upon receipt of outstanding audited expenditure statements from Governments and non-governmental organizations, in our opinion, the financial statements present fairly the financial position of the United Nations Population Fund as at 31 December 1993 and the results of its operations for the financial period then ended; that they were prepared in accordance with the stated accounting policies which were applied on a basis consistent with that of the preceding financial period; and that the transactions were in accordance with the Financial Regulations and the relevant legislative authority.

In accordance with our usual practice, we have issued a long form report on our audit of the United Nations Population Fund's financial statements, as provided for in the Financial Regulations.

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of Great
Britain and Northern Ireland

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Codanda Ganapathy SOMIAH
Comptroller and Auditor General
of India

30 June 1994

IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

29 April 1994

I certify that to the best of my knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the appended financial statements, numbered I to IV, and supporting schedules, numbered 1 to 8.

(Signed) Imelda HENKIN
Director
Division for Finance,
Personnel and Administration
United Nations Population Fund

(Signed) Peter LESLIE
Director
Division of Finance
United Nations Development Programme

V. FINANCIAL STATEMENTS FOR THE BIENNIUM ENDED 31 DECEMBER 1993

STATEMENT I

UNITED NATIONS POPULATION FUND

Statement of income and expenditure
for the biennium ended 31 December 1993
with comparative figures for the biennium ended 31 December 1991

(United States dollars)

1990-1991			1992-1993
	INCOME		
	Contributions from Governments and other contributors		
426 567 001	Pledges for current biennium	(schedule 1)	450 450 828
(113 412)	Additions and adjustments to pledges for prior bienniums (net)	(schedule 1)	(317 506)
(4 373 433)	Exchange adjustments on collection of contributions		77 252
422 080 156			450 210 574
-	Cost-sharing contributions	(note 4)	267 297
422 080 156			450 477 871
14 302 247	Miscellaneous income (net)	(schedule 2)	7 336 767
436 382 403	TOTAL INCOME		457 814 638
	EXPENDITURE		
	Programme expenditure		
340 679 420	Project costs		262 513 467
-	Technical support services	(note 6)	31 931 001
25 073 519	Administrative and operational services	(note 6)	9 913 400
4 653 606	UNFPA support costs		4 936 209
370 406 545		(schedule 3 and note 5)	309 294 077
80 022 489	Administrative and programme support services biennial budget expenditure (net)	(schedule 6 and note 5)	87 717 821
450 429 034	TOTAL EXPENDITURE		397 011 898
(14 046 631)	Surplus income/(expenditure)	(statement III)	60 802 740

The accompanying notes are an integral part of the financial statements.

STATEMENT II

UNITED NATIONS POPULATION FUND

Statement of assets and liabilities as at 31 December 1993
with comparative figures as at 31 December 1991

(United States dollars)

1991			1993
	ASSETS		
300 163	Cash		179 143
	Investments		
22 325 089	General resources		75 746 149
-	Investments of the reserve for field accommodation		5 000 000
45 000 000	Investments of the operational reserve		48 000 000
-	Cost-sharing		99 585
7 650 000	Trust funds		13 819 924
74 975 089		(schedule 7 and note 8)	142 665 658
75 275 252	Total cash and investments		142 844 801
	Advances and accounts receivable		
187 488	Non-convertible currencies pending United States dollar credit from UNDP	(note 9)	187 488
8 182 469	Operating funds provided by UNFPA to executing agencies		4 425 028
6 960 721	Operating funds provided by UNFPA to Governments	(note 5)	16 584 928
2 335 680	Operating funds provided by UNFPA to inter-governmental institutions and other agencies including NGOs		6 077 675
341 866	Accounts receivable and deferred charges		1 257 671
650 782	Accrued interest		1 102 436
18 659 006			29 635 226
1 621 619	Pledges receivable from Governments for current and prior bienniums	(schedule 1 and note 10)	812 595
95 555 877			173 292 622
	LIABILITIES, RESERVES AND UNEXPENDED RESOURCES		
	Liabilities		
2 517 956	Accounts payable	(note 20)	1 897 577
5 118 662	Operating funds payable by UNFPA to executing agencies		5 003 788
30 849 054	Unliquidated obligations of executing agencies	(note 11)	37 379 545
8 944 877	Due to UNFPA trust funds	(schedule 8)	19 728 475
-	Junior Professional Officers programme	(note 12)	343 535
8 664 178	Due to UNDP		8 675 812
56 094 727			73 028 732
	Reserves		
-	Reserve for field accommodation	(note 13)	5 000 000
45 000 000	Operational reserve	(note 14)	48 000 000
45 000 000			53 000 000
	Unexpended resources		
-	Cost-sharing	(statement III)	99 585
(5 538 850)	General resources	(statement III)	47 164 305
(5 538 850)			47 263 890
95 555 877			173 292 622

The accompanying notes are an integral part of the financial statements.

STATEMENT III

UNITED NATIONS POPULATION FUND

Statement of movement in resources for the biennium ended 31 December 1993

(United States dollars)

		Cost-sharing	General resources	Total	
Balance as at 1 January 1992		-	(5 538 850)	(5 538 850)	
Transfer to reserve for field accommodation		-	(5 000 000)	(5 000 000)	
Transfer to operational reserve		-	(3 000 000)	(3 000 000)	
		-	(13 538 850)	(13 538 850)	
Income received		267 297	457 547 341	457 814 638	a/
Less: Expenditure					
Programme expenditure		167 712	309 126 365	309 294 077	
Administrative and programme support services		-	87 717 821	87 717 821	
		167 712	396 844 186	397 011 898	a/
Surplus income		99 585	60 703 155	60 802 740	a/
Balance as at 31 December 1993	(statement II)	99 585	47 164 305	47 263 890	

a/ As shown in statement I.

The accompanying notes are an integral part of the financial statements.

STATEMENT IV

UNITED NATIONS POPULATION FUND

Statement of changes in financial position for the biennium ended 31 December 1993
with comparative figures for the biennium ended 31 December 1991

(United States dollars)

1990-1991			1992-1993
	SOURCE OF FUNDS		
(14 046 631)	Surplus income/(expenditure) for the biennium	(statement I)	60 802 740
-	Decrease in operating funds provided to executing agencies (net)		3 642 567
-	Decrease in pledges receivable from Governments		809 024
-	Increase in other liabilities		17 037 245
1 510 440	Increase in funds payable to UNDP		11 634
2 003 817	Decrease in operating funds provided to Governments (net)		-
487 006	Decrease in other receivables		-
(10 045 368)	Total funds provided		82 303 210
	APPLICATION OF FUNDS		
-	Increase in operating funds provided to Governments (net)		9 624 207
2 335 680	Increase in operating funds provided to inter-governmental institutions and other agencies including NGOs (net)		3 741 695
-	Increase in other receivables		1 367 459
54 324	Increase in pledges receivable from Governments		-
15 000 136	Decrease in other liabilities		-
2 994 135	Increase in operating funds provided to executing agencies (net)		-
20 384 275	Total funds used		14 733 661
(30 429 643)	Increase/(decrease) in cash and investments		67 569 549
105 704 895	Cash and investments at beginning of the biennium		75 275 252
	Increase/(decrease) in:		
(3 590 204)	Cash		(121 020)
(26 839 439)	Investments		67 690 569
(30 429 643)			67 569 549
75 275 252	Cash and investments at end of the biennium	(statement II)	142 844 801

The accompanying notes are an integral part of the financial statements.

SCHEDULES TO THE FINANCIAL STATEMENTS

SCHEDULE 1

UNITED NATIONS POPULATION FUND

Status of voluntary contributions pledged as at 31 December 1993

(United States dollars)

Donor	Balance due as at 1 January 1992 for prior bienniums	Additions and adjustments for prior bienniums	Pledges for 1992 and 1993	Pledges for future bienniums		Total	Payments received	Unpaid pledges as at 31 December 1993	Composition of balance due	
				Local currency	United States dollars				For current and prior bienniums	For future bienniums
Afghanistan	5 520	(5 520)	5 520	-	2 700	8 220	-	8 220	5 520	2 700
Albania	700	(512)	364	-	-	552	-	552	552	-
Algeria	9 174	-	17 746	300 000	13 158	40 078	26 920	13 158	-	13 158
Angola	500	500	1 945	-	-	2 945	2 945	-	-	-
Antigua and Barbuda	-	-	-	-	500	500	500	-	-	-
Australia	-	-	2 645 914	2 622 000	1 736 424	4 382 338	2 645 914	1 736 424	-	1 736 424
Austria	-	-	1 120 000	-	725 000	1 845 000	1 120 000	725 000	-	725 000
Bahamas	-	-	500	-	-	500	-	500	500	-
Bangladesh	18 100	-	38 100	-	20 000	76 200	36 200	40 000	20 000	20 000
Barbados	-	-	3 500	-	-	3 500	3 500	-	-	-
Belgium	-	(13 375)	2 287 628	-	-	2 274 253	2 274 253	-	-	-
Benin	2 000	-	2 000	-	1 000	5 000	-	5 000	4 000	1 000
Bhutan	-	-	5 500	-	2 800	8 300	5 500	2 800	-	2 800
Bolivia	37 600	-	8 000	-	4 000	49 600	-	49 600	45 600	4 000
Botswana	-	5 665	-	-	-	5 665	5 665	-	-	-
Brazil	-	-	5 000	-	15 000	20 000	5 000	15 000	-	15 000
Bulgaria	-	-	4 085	55 000	1 774	5 859	2 311	3 548	1 774	1 774
Burkina Faso	16 484	(7 682)	3 704	1 000 000	3 378	15 884	2 372	13 512	10 134	3 378
Burundi	-	5 155	9 219	-	-	14 374	14 374	-	-	-
Canada	-	-	20 030 242	-	-	20 030 242	20 030 242	-	-	-
Central African Republic	2 564	(199)	-	-	-	2 365	-	2 365	2 365	-
Chad	11 000	-	-	-	-	11 000	-	11 000	11 000	-
Chile	10 000	-	10 000	-	5 000	25 000	10 000	15 000	10 000	5 000
China	-	-	1 530 000	-	800 000	2 330 000	1 530 000	800 000	-	800 000
Colombia	5 000	-	80 000	-	40 000	125 000	85 000	40 000	-	40 000
Comoros	3 663	(285)	2 365	-	-	5 743	-	5 743	5 743	-
Cook Islands	7 499	14 501	-	-	-	22 000	22 000	-	-	-
Costa Rica	-	-	6 846	-	-	6 846	6 846	-	-	-
Cote d'Ivoire	-	(650)	7 407	-	-	6 757	-	6 757	6 757	-
Cyprus	-	-	1 100	-	1 000	2 100	1 100	1 000	-	1 000
Czechoslovakia	-	-	42 567	500 000	17 422	59 989	21 661	38 328	20 906	17 422
Democratic People's Republic of Korea	-	-	46 841	50 000	23 474	70 315	46 841	23 474	-	23 474
Democratic Yemen	5 566	-	-	-	-	5 566	-	5 566	5 566	-
Denmark	-	-	39 309 017	-	-	39 309 017	39 309 017	-	-	-
Dominican Republic	7 893	107	-	-	-	8 000	-	8 000	8 000	-
Ecuador	88 000	(66 000)	14 208	-	-	36 208	36 208	-	-	-
Egypt	59 311	358	157 224	-	-	216 893	138 281	78 612	78 612	-
El Salvador	-	10 000	-	-	-	10 000	10 000	-	-	-
Equatorial Guinea	31 135	(2 419)	-	-	-	28 716	-	28 716	28 716	-
Ethiopia	-	-	20 493	30 000	5 254	25 747	20 493	5 254	-	5 254

SCHEDULE 1 (continued)

Donor	Balance due as at 1 January 1992 for prior bienniums	Additions and adjustments for prior bienniums	Pledges for 1992 and 1993	Pledges for future bienniums		Total	Payments received	Unpaid pledges as at 31 December 1993	Composition of balance due	
				Local currency	United States dollars				For current and prior bienniums	For future bienniums
Federated States of Micronesia	2 000	2 000	2 000	-	-	6 000	4 000	2 000	2 000	-
Fiji	-	3	5 004	5 000	3 289	8 296	1 586	6 710	3 421	3 289
Finland	-	-	22 245 069	26 500 000	4 561 102	26 806 171	22 245 069	4 561 102	-	4 561 102
France	-	-	2 501 260	-	-	2 501 260	2 501 260	-	-	-
Gabon	-	-	41 322	-	-	41 322	41 322	-	-	-
Gambia	-	-	5 000	-	-	5 000	-	5 000	5 000	-
Germany	-	-	52 613 860	-	-	52 613 860	52 613 860	-	-	-
Ghana	-	-	5 000	-	-	5 000	5 000	-	-	-
Guatemala	3 000	-	1 000	-	-	4 000	2 472	1 528	1 528	-
Guyana	51	(4)	-	-	-	47	-	47	47	-
Honduras	-	-	16 918	-	-	16 918	16 918	-	-	-
Hungary	-	(3 219)	54 146	2 860 000	29 403	80 330	50 927	29 403	-	29 403
Iceland	2 600	-	6 205	200 000	2 857	11 662	5 948	5 714	2 857	2 857
India	233 463	(15 312)	487 912	9 000 000	288 462	994 525	706 063	288 462	-	288 462
Indonesia	165 000	494	332 505	-	165 000	662 999	497 999	165 000	-	165 000
Iran (Islamic Republic of)	-	-	79 965	-	-	79 965	29 965	50 000	50 000	-
Ireland	-	-	73 900	-	-	73 900	73 900	-	-	-
Italy	-	-	4 746 857	-	-	4 746 857	4 746 857	-	-	-
Jamaica	730	(414)	455	-	-	771	433	338	338	-
Japan	-	-	88 300 000	-	-	88 300 000	88 300 000	-	-	-
Jordan	909	(1 133)	71 275	34 000	49 347	120 398	71 051	49 347	-	49 347
Kenya	11 802	(7 702)	2 436	-	-	6 536	-	6 536	6 536	-
Kiribati	-	-	2 860	-	-	2 860	2 860	-	-	-
Kuwait	35 000	5 000	10 000	-	5 000	55 000	50 000	5 000	-	5 000
Lao People's Democratic Republic	-	-	1 000	-	1 000	2 000	-	2 000	1 000	1 000
Lesotho	3 188	284	2 418	4 066	1 192	7 082	5 890	1 192	-	1 192
Liberia	55 000	(3 000)	-	-	-	52 000	-	52 000	52 000	-
Libyan Arab Jamahiriya	86 207	(7 591)	5 000	-	-	83 616	5 000	78 616	78 616	-
Liechtenstein	-	(96)	4 041	5 000	3 356	7 301	3 945	3 356	-	3 356
Luxembourg	50 960	(2 717)	149 005	4 000 000	110 497	307 745	178 417	129 328	18 831	110 497
Madagascar	20 225	-	6 000	-	3 000	29 225	1 270	27 955	24 955	3 000
Malawi	2 974	(38)	3 960	8 000	1 878	8 774	6 671	2 103	225	1 878
Malaysia	-	-	30 000	-	-	30 000	30 000	-	-	-
Maldives	-	-	2 700	-	1 500	4 200	2 700	1 500	-	1 500
Mali	500	-	1 000	-	2 000	3 500	-	3 500	1 500	2 000
Malta	-	733	1 258	-	-	1 991	1 991	-	-	-
Marshall Islands	-	-	5 000	-	-	5 000	5 000	-	-	-
Mauritania	3 755	(1 028)	3 273	500 000	4 032	10 032	6 000	4 032	-	4 032
Mauritius	-	7 927	-	-	-	7 927	7 927	-	-	-
Mexico	-	-	36 000	-	-	36 000	31 238	4 762	4 762	-
Mongolia	58	-	4 000	-	-	4 058	58	4 000	4 000	-
Morocco	11 064	(4 128)	12 000	-	6 000	24 936	12 733	12 203	6 203	6 000
Mozambique	2 100	(241)	664	-	-	2 523	423	2 100	2 100	-
Myanmar	-	-	20 224	60 000	9 950	30 174	20 224	9 950	-	9 950
Namibia	-	-	1 000	-	2 000	3 000	1 000	2 000	-	2 000

SCHEDULE 1 (continued)

Donor	Balance due as at 1 January 1992 for prior bienniums	Additions and adjustments for prior bienniums	Pledges for 1992 and 1993	Pledges for future bienniums		Total	Payments received	Unpaid pledges as at 31 December 1993	Composition of balance due	
				Local currency	United States dollars				For current and prior bienniums	For future bienniums
Nepal		-	12 000	-	-	12 000	12 000	-	-	-
Netherlands	-	-	59 204 321	60 000 000	31 250 000	90 454 321	59 204 321	31 250 000	-	31 250 000
New Zealand	-	-	430 180	500 000	273 224	703 404	430 180	273 224	-	273 224
Nicaragua	-	-	1 000	-	-	1 000	1 000	-	-	-
Niger	11 658	(712)	-	-	-	10 946	-	10 946	10 946	-
Nigeria	18 678	(18 678)	28 042	-	-	28 042	22 360	5 682	5 682	-
Niue	500	500	1 000	-	-	2 000	2 000	-	-	-
Norway	-	-	51 227 822	-	-	51 227 822	51 227 822	-	-	-
Oman	10 000	-	-	-	-	10 000	-	10 000	10 000	-
Pakistan	10 204	184 141	1 010 033	-	500 000	1 704 378	1 204 378	500 000	-	500 000
Panama	750	-	7 000	-	1 550	9 300	9 300	-	-	-
Papua New Guinea	610	30	5 029	-	-	5 669	5 669	-	-	-
Paraguay	65 500	-	23 500	-	25 000	114 000	-	114 000	89 000	25 000
Peru	24 648	(24 648)	15 000	-	-	15 000	-	15 000	15 000	-
Philippines	-	-	95 550	1 300 000	44 369	139 919	95 550	44 369	-	44 369
Poland	-	-	24 191	430 000 000	21 500	45 691	24 191	21 500	-	21 500
Paraguay	-	-	50 000	-	25 000	75 000	25 000	50 000	25 000	25 000
Qatar	-	-	15 000	-	-	15 000	15 000	-	-	-
Republic of Korea	-	-	200 000	-	150 000	350 000	200 000	150 000	-	150 000
Romania	-	-	3 402	2 700 000	2 500	5 902	3 402	2 500	-	2 500
Russian Federation	341 243	(341 243)	-	-	-	-	-	-	-	-
Saint Kitts and Nevis	117	-	-	-	-	117	-	117	117	-
Saint Lucia	-	720	1 440	-	-	2 160	2 160	-	-	-
Samoa	-	-	10 000	-	5 000	15 000	10 000	5 000	-	5 000
Sao Tome and Principe	-	253	-	-	-	253	253	-	-	-
Saudia Arabia	-	-	30 000	-	30 000	60 000	30 000	30 000	-	30 000
Senegal	52 137	(45 637)	-	-	-	6 500	-	6 500	6 500	-
Seychelles	-	-	693	-	-	693	693	-	-	-
Sierra Leone	6	(6)	1 786	-	-	1 786	893	893	893	-
Solomon Islands	1 000	(1 000)	1 000	-	-	1 000	1 000	-	-	-
Somalia	54	(54)	-	-	-	-	-	-	-	-
Spain	-	-	876 481	-	-	876 481	876 481	-	-	-
Sri Lanka	-	-	20 000	-	-	20 000	20 000	-	-	-
Sudan	18 384	(6 612)	32 704	-	-	44 476	44 476	-	-	-
Suriname	-	-	4 000	-	-	4 000	4 000	-	-	-
Swaziland	1 424	(327)	664	-	-	1 761	-	1 761	1 761	-
Sweden	-	-	44 254 547	-	-	44 254 547	44 254 547	-	-	-
Switzerland	-	-	12 222 028	-	-	12 222 028	12 222 028	-	-	-
Syrian Arab Republic	-	-	1 880	-	-	1 880	1 880	-	-	-
Thailand	-	-	110 085	-	60 000	170 085	110 085	60 000	-	60 000
Togo	10 989	(1 830)	11 111	-	-	20 270	-	20 270	20 270	-
Tokelau Islands	-	-	630	-	-	630	300	330	330	-
Trust Territory Republic of Palau	500	-	500	-	-	1 000	-	1 000	1 000	-
Tunisia	-	-	75 018	-	-	75 018	75 018	-	-	-
Turkey	11 000	-	90 000	-	60 000	161 000	70 946	90 054	30 054	60 000
Tuvalu	476	(64)	2 332	-	-	2 744	426	2 318	2 318	-

SCHEDULE 1 (concluded)

Donor	Balance due as at 1 January 1992 for prior bienniums	Additions and adjustments for prior bienniums	Pledges for 1992 and 1993	Pledges for future bienniums		Total	Payments received	Unpaid pledges as at 31 December 1993	Composition of balance due	
				Local currency	United States dollars				For current and prior bienniums	For future bienniums
Uganda	456	(107)	5 175	1 000 000	855	6 379	1 756	4 623	3 768	855
United Kingdom of Great Britain and Northern Ireland	-	-	26 455 730	-	-	26 455 730	26 455 730	-	-	-
United Republic of Tanzania	-	28 044	17 478	3 000 000	6 608	52 130	38 914	13 216	6 608	6 608
United States of America a/	-	-	14 500 000	-	-	14 500 000	14 500 000	-	-	-
Uruguay	8 640	-	34 560	-	-	43 200	17 280	25 920	25 920	-
Vanuatu	5 000	-	12 500	-	-	17 500	12 500	5 000	5 000	-
Viet Nam	2 500	-	5 616	-	3 149	11 265	8 116	3 149	-	3 149
Yemen Arab Republic	2 850	-	7 694	-	3 847	14 391	-	14 391	10 544	3 847
Yugoslavia	10 000	-	-	-	-	10 000	-	10 000	10 000	-
Zambia	-	262	220	-	-	482	262	220	220	-
Zimbabwe	-	-	1 359	2 000	293	1 652	1 359	293	-	293
Total	1 621 619	(317 506) b/	450 450 828		41 131 644	492 886 585	450 944 396	41 942 189	812 595 b/	41 129 594
		(statement I)	(statement I)						(statement II)	

a/ Subject to certain limited restrictions in its use.

b/ See note 10.

SCHEDULE 2

UNITED NATIONS POPULATION FUND

Miscellaneous income and expenditure
for the biennium ended 31 December 1993
with comparative figures for the biennium ended 31 December 1991

(United States dollars)

1990-1991				1992-1993
9 599 015	Income from investments			6 996 016
1 019 860	Miscellaneous income from accounts of executing agencies (net)			1 092 869
2 919 977	Net gains/(losses) on exchange resulting from revaluation of currencies other than contributions			(3 535 388)
-	Miscellaneous income from procurement services (net)		(note 3)	1 552 805
8 921	Donations		(note 2)	7 713
	Net sundry income/(expenditure):			
	Savings on liquidating obligations of prior biennium	1 093 878		
	Charges on financially completed projects	87 868		
	Miscellaneous write-offs	(17 201)		
754 474	Other	58 207		1 222 752
14 302 247	Total miscellaneous income (net)		(statement I)	7 336 767

SCHEDULE 3

UNITED NATIONS POPULATION FUND

Expenditure by United Nations agencies, Governments and non-governmental organizations for the biennium ended 31 December 1993

(United States dollars)

	Personnel services	Sub-contracts	Training (fellowships)	Equipment and supplies	Miscellaneous	Total project costs	Technical support services	Administrative and operational services	UNFPA support costs	Total
United Nations	14 333 966	835 329	4 810 998	4 192 428	1 693 661	25 866 382	2 095 317	2 787 468	-	30 749 167
ECA	1 480 287	6 000	378 837	(2 161)	41 826	1 904 789	3 403 907	500 363	-	5 809 059
ECE	924 254	56 276	242 967	18 615	44 109	1 286 221	-	79 376	-	1 365 597
ECLAC	2 865 355	2 617	369 585	71 380	114 387	3 423 324	290 390	404 097	-	4 117 811
ESCAP	1 267 053	278 825	408 605	44 928	248 479	2 247 890	1 236 643	375 588	-	3 860 121
ESCWA	52 605	-	33 497	-	23 460	109 562	320 194	30 598	-	460 354
FAO	1 682 448	2 049 107	822 972	856 998	203 067	5 614 592	2 467 931	406 859	-	8 489 382
IBRD	195 346	-	50 000	-	-	245 346	-	-	-	245 346
ILO	6 560 969	318 641	2 262 893	981 774	1 105 884	11 230 161	6 086 765	818 545	-	18 135 471
UNESCO	5 322 937	924 945	2 856 605	1 915 305	1 031 214	12 051 006	4 438 870	794 380	-	17 284 256
UNICEF	480 027	29 452	684 914	2 537 298	36	3 731 727	-	223 509	-	3 955 236
UNIDO	59 250	-	-	-	180	59 430	-	4 457	-	63 887
UNRWA	122 694	-	61 022	65 532	521	249 769	-	18 733	-	268 502
WHO	5 904 789	8 353 098	4 836 625	3 124 013	924 739	23 143 264	4 343 239	1 006 293	-	28 492 796
UNDP - Office for Project Services	278 731	709 406	965 520	426 552	36 397	2 416 606	233 141	175 059	-	2 824 806
United Nations executing agencies total	41 530 711	13 563 696	18 785 040	14 232 662	5 467 960	93 580 069	24 916 397	7 625 325	-	126 121 791

SCHEDULE 3 (concluded)

	Personnel services	Sub-contracts	Training (fellowships)	Equipment and supplies	Miscellaneous	Total project costs	Technical support services	Administrative and operational services	UNFPA support costs	Total
Governments	8 677 727	7 798 654	14 938 861	12 652 834	4 597 152	48 665 228 c/	-	-	2 376 192 c/	51 041 420
UNFPA	15 508 479	7 200 412	5 986 934	50 626 747	1 820 795	81 143 367 a/	6 778 089	-	2 560 017	90 481 473
Inter-governmental institutions and other agencies including non-governmental organizations	12 489 991	5 725 596	9 032 059	8 258 256	3 618 901	39 124 803	236 515	2 288 075	-	41 649 393
Current biennium expenditure (inclusive of cost-sharing)	78 206 908	34 288 358	48 742 894	85 770 499	15 504 808	262 513 467	31 931 001	9 913 400	4 936 209	309 294 077
Charged to:										
General resources	78 050 896	34 288 358	48 742 894	85 770 499	15 504 808	262 357 455	31 931 001	9 901 700	4 936 209	309 126 365
Cost-sharing	156 012	-	-	-	-	156 012	-	11 700	-	167 712 b/
Total	78 206 908	34 288 358	48 742 894	85 770 499	15 504 808	262 513 467	31 931 001	9 913 400	4 936 209	309 294 077
						(schedule 4)	(schedule 5)			(statement I)

a/ Includes UNFPA procurement assistance in respect of Government projects amounting to $51.2 million.

b/ See note 4.

c/ See note 5.

SCHEDULE 4

UNITED NATIONS POPULATION FUND

Project costs

Unspent allocations as at 31 December 1993

(United States dollars)

	1992-1993 allocations	1992-1993 expenditure	1993 unspent allocations	Future years' allocations	Total unspent allocations
United Nations	28 464 265	25 866 382	2 597 883	15 313 616	17 911 499
ECA	1 546 775	1 904 789	(358 014)	121 000	(237 014)
ECE	1 296 836	1 286 221	10 615	1 154 362	1 164 977
ECLAC	3 635 445	3 423 324	212 121	859 220	1 071 341
ESCAP	2 582 896	2 247 890	335 006	7 066	342 072
ESCWA	107 963	109 562	(1 599)	3 715	2 116
FAO	6 759 763	5 614 592	1 145 171	2 432 903	3 578 074
IBRD	247 368	245 346	2 022	-	2 022
ILO	14 546 200	11 230 161	3 316 039	4 317 549	7 633 588
UNESCO	14 167 272	12 051 006	2 116 266	8 916 695	11 032 961
UNICEF	3 927 890	3 731 727	196 163	3 024 374	3 220 537
UNIDO	63 849	59 430	4 419	319 536	323 955
UNRWA	265 140	249 769	15 371	303 503	318 874
WHO	25 112 689	23 143 264	1 969 425	11 257 766	13 227 191
UNDP - Office for Project Services	2 531 681	2 416 606	115 075	621 169	736 244
United Nations executing agencies total	105 256 032	93 580 069	11 675 963	48 652 474	60 328 437
Governments	69 921 611	48 665 228 a/	21 256 383	62 613 536	83 869 919
UNFPA	107 549 673	81 143 367 b/	26 406 306	51 600 984	78 007 290
Inter-governmental institutions and other agencies including non-governmental organizations	51 524 364	39 124 803	12 399 561	16 422 433	28 821 994
Total	334 251 680	262 513 467	71 738 213	179 289 427	251 027 640
		(schedule 3)	(note 15)	(note 15)	

a/ See note 5.

b/ Includes UNFPA procurement assistance in respect of Government projects amounting to $51.2 million.

SCHEDULE 5

UNITED NATIONS POPULATION FUND

Technical support services

Unspent allocations as at 31 December 1993

(United States dollars)

	1992-1993 allocations	1992-1993 expenditure	1993 unspent allocations	Future years' allocations	Total unspent allocations
United Nations	2 219 418	2 095 317	124 101	-	124 101
ECA	3 296 158	3 403 907	(107 749)	3 255 240	3 147 491
ECLAC	309 607	290 390	19 217	200 718	219 935
ESCAP	1 254 780	1 236 643	18 137	1 553 600	1 571 737
ESCWA	541 087	320 194	220 893	-	220 893
FAO	2 479 242	2 467 931	11 311	924 610	935 921
ILO	5 995 512	6 086 765	(91 253)	6 776 600	6 685 347
UNESCO	4 711 504	4 438 870	272 634	3 713 700	3 986 334
WHO	4 646 669	4 343 239	303 430	3 371 600	3 675 030
UNDP - Office for Project Services	233 141	233 141	-	-	-
United Nations executing agencies total	25 687 118	24 916 397	770 721	19 796 068	20 566 789
UNFPA	8 568 578	6 778 089	1 790 489	12 268 599	14 059 088
Inter-governmental institutions and other agencies including non-governmental organizations	323 053	236 515	86 538	515 080	601 618
Total	34 578 749	31 931 001	2 647 748	32 579 747	35 227 495
		(schedule 3)	(note 15)	(note 15)	

SCHEDULE 6

UNITED NATIONS POPULATION FUND

Administrative and programme support services budget appropriations and expenditure for the biennium ended 31 December 1993

(United States dollars)

Programme	1992-1993 Appropriations a/	Expenditure 1992-1993 Disbursements	Unliquidated obligations	Total expenditure	Unencumbered balance as at 31 December 1993
I. Executive direction and management	5 426 300	4 738 009	161 676	4 899 685	526 615
II. Administrative, information and external relations and programme coordination	30 781 000	26 251 551	675 240	26 926 791	3 854 209
III. Programme planning, appraisal and monitoring	26 178 500	21 830 322	214 243	22 044 565	4 133 935
IV. Field programme support services	48 225 000	38 736 406	558 431	39 294 837	8 930 163
Gross appropriations and expenditure	110 610 800	91 556 288	1 609 590	93 165 878	17 444 922
Less: Credits and income	6 500 000			5 448 057 b/	1 051 943
Net appropriations and expenditure	104 110 800			87 717 821 c/	16 392 979
				(statement I)	

a/ Appropriations as approved by the Governing Council at the thirty-eighth session (decision 91/36).

b/ See notes 5 and 7.

c/ Consisting of:

42 621 568	-	charged against 1992 resources
45 096 253	-	charged against 1993 resources
87 717 821		

SCHEDULE 7

UNITED NATIONS POPULATION FUND

Investments as at 31 December 1993
with comparative figures as at 31 December 1991

(United States dollars)

1991			1993
	General resources		
10 089	Interest-bearing accounts		146 034
315 000	Call accounts		373 000
52 000 000	Time deposits		118 850 415
15 000 000	Bonds and notes		9 376 700
67 325 089			128 746 149
	Cost sharing		
-	Time deposits		99 585
	Trust funds		
310 000	Call accounts		47 000
7 340 000	Time deposits		13 149 624
-	Bonds and notes		623 300
7 650 000			13 819 924
74 975 089	Total	(statement II)	142 665 658

SCHEDULE 8

UNITED NATIONS POPULATION FUND

TRUST FUNDS

Statement of account for the biennium ended 31 December 1993

(United States dollars)

Trust Funds	Unexpended balance as at 1 January 1992	Contributions received	Interest, miscellaneous income and (expenditure)	Transfers and adjustments	Total funds available	Project expenditure	Administrative and operational services	UNFPA support costs	Total expenditure	Unexpended balance as at 31 December 1993
Multi-bilateral and other trust funds										
Arab Gulf Fund	(130 571)	668 000	7 894	(6 179) f/	539 144	647 374	1 813	10 861	660 048	(120 904)
Australia	877 311	1 389 437	31 852	-	2 298 600	708 116	4 323	32 523	744 962	1 553 638
Austria	-	454 562	8 280	-	462 842	415 477	-	20 774	436 251	26 591
Belgium	1 117 529	1 482 620	4 310	-	2 604 459	1 022 260	7 193	1 021	1 030 474	1 573 985
Canada	(466 985)	2 067 630	2 277	(44 235) f/	1 558 687	1 085 610	59 706	26 940	1 172 256	386 431
Contraceptive Needs in Selected Developing Countries	-	571 248	8 076	-	579 324	429 328	-	-	429 328	149 996
Denmark	-	457 400	-	-	457 400	115 803	-	-	115 803	341 597
European Economic Community	18 610	241 093	694	-	260 397	180 871	-	9 044	189 915	70 482
Finland	874 042	1 837 391	102 912	-	2 814 345	541 373	68 309	(336)	609 346	2 204 999
France	-	75 855	-	-	75 855	24 720	-	1 236	25 956	49 899
Germany	-	759 563	-	-	759 563	657 765	-	32 888	690 653	68 910
India	-	35 714	718	-	36 432	28 730	-	-	28 730	7 702
IPPF/AGFUND	134 055	96 000	3 554	-	233 609	129 236	-	6 462	135 698	97 911
Italy	520 121	-	34 839	-	554 960	-	-	-	-	554 960
Japan	-	1 000 000	7 175	-	1 007 175	500 000	-	-	500 000	507 175
Luxembourg	201 595	608 081	6 025	-	815 701	131 772	-	6 589	138 361	677 340

SCHEDULE 8 (continued)

Trust Funds	Unexpended balance as at 1 January 1992	Contributions received	Interest, miscellaneous income and (expenditure)	Transfers and adjustments	Total funds available	Project expenditure	Administrative and operational services	UNFPA support costs	Total expenditure	Unexpended balance as at 31 December 1993
Management Development Unit	93 721	1 585 423	3 544	-	1 682 688	856 180	-	42 809	898 989	783 699
Netherlands	1 529 113	3 203 848	111 564	(800 000) g/	4 044 525	2 452 161	170 383	30 881	2 653 425	1 391 100
NGO (Indo-Hilfe-Peru)	-	23 392	-	-	23 392	-	-	-	-	23 392
Norad	15 206	-	-	415 416	430 622	-	-	-	-	430 622
Norway	887 182	3 014 814	96 966	(430 622)	3 568 340	2 447 275	79 643	76 567	2 603 485	964 855
Oman	-	159 615	259	-	159 874	49 245	5 708	92	55 045	104 829
Organization of Petroleum Exporting Countries	226 384	-	8 444	-	234 828	-	-	-	-	234 828
Sweden	159 022	4 475 926	32 206	-	4 667 154	3 467 224	66 315	90 531	3 624 070	1 043 084
Switzerland	143 933	288 230	5 962	-	438 125	314 358	36 918	-	351 276	86 849
Syrian Arab Republic	226 165	400 000	11 885	-	638 050	219 567	-	10 978	230 545	407 505
United Kingdom of Great Britain and Northern Ireland	238 496	2 901 870	-	-	3 140 366	2 492 356	-	109 226	2 601 582	538 784
	6 664 929	27 797 712	489 436	(865 620)	34 086 457	18 916 801	500 311	509 086	19 926 198	14 160 259
Other trust funds										
International Conference on Population and Development	-	1 973 546	9 185	300 000	2 282 731	654 157	-	-	654 157	1 628 574
Rafael M. Salas Endowment Fund	323 622	89 221	11 953	-	424 796	23 745	-	-	23 745	401 051
UNICEF	-	81 700	-	-	81 700	55 234	-	2 762	57 996	23 704
United Nations Population Award	608 480	10 000	61 433	-	679 913	55 201	-	-	55 201	624 712
	932 102	2 154 467	82 571	300 000	3 469 140	788 337	-	2 762	791 099	2 678 041

SCHEDULE 8 (concluded)

Trust Funds	Unexpended balance as at 1 January 1992	Contributions received	Interest, miscellaneous income and (expenditure)	Transfers and adjustments	Total funds available	Project expenditure	Administrative and operational services	UNFPA support costs	Total expenditure	Unexpended balance as at 31 December 1993
Procurement services b/										
Asian Development Bank	-	2 650 000	-	-	2 650 000	2 199 534	-	126 724	2 326 258	323 742
Bangladesh Fourth Population and Health Project	1 347 846	17 636 571	353 170	-	19 337 587	18 360 254	-	918 013	19 278 267	59 320
Germany	-	16 650 538	277 352 e/	-	16 927 890	13 893 420	-	510 923	14 404 343	2 523 547
Ghana	-	876 500	-	-	876 500	769 664	-	38 483	808 147	68 353
Sri Lanka	-	-	-	-	-	80 750	-	4 037	84 787	(84 787) h/
	1 347 846	37 813 609	630 522	-	39 791 977	35 303 622	-	1 598 180 b/	36 901 802	2 890 175
Total	8 944 877 c/	67 765 788 a/	1 202 529 d/	(565 620)	77 347 574	55 008 760	500 311	2 110 028	57 619 099	19 728 475 i/
										(statement I)

a/ Consists of:

Contributions made by Governments and other donors	67 676 567
Private donations	89 221
	67 765 788

b/ See note 3.

c/ See note 16.

d/ See note 18.

e/ Net of exchange loss of $644,153.

f/ Refunded to donors.

g/ See note 17.

h/ Contributions of $85,000 were received in January 1994.

i/ See note 19.

ANNEX

Notes to the financial statements

Note 1. Summary of significant accounting policies

The financial statements reflect the application of the following significant accounting policies:

(a) Income

All income of UNFPA (including pledges from Governments, investment income and miscellaneous income, but excluding contributions to cost-sharing and trust funds) is recorded on an accrual basis.

Contributions received, but not identified as to purpose, are held as accounts payable until identified, at which time they are recorded as income.

(b) Expenditure

All expenditure is accounted for on an accrual basis, except for that relating to staff entitlement and projects executed by Governments and by non-governmental organizations, which is accounted for on the basis of disbursements. Project expenditure includes unliquidated obligations raised by the executing agencies in respect of goods and services provided for in the project budgets for 1993 and contracted for by 31 December 1993.

(c) Exchange rates

Pledges made in currencies other than United States dollars are reported in the equivalent of United States dollars converted at the United Nations operational rate of exchange in effect on the date of the financial statements or, if paid, on the date of the payment.

Gains and losses resulting from exchange adjustments arising from payments of voluntary contributions are recorded as an offset to these contributions. Exchange gains and losses arising from collection of contributions pledged in a particular currency but paid in different currency are recorded as exchange adjustments on collection of contributions. All other exchange adjustments have been recorded as miscellaneous income/(expenditure).

For the purposes of accounting for assets, liabilities and transactions and the maintenance of other financial records, other currencies are translated into United States dollars at the United Nations operational rate of exchange in effect on the date of the report or transaction.

(d) Capital expenditure

The full cost of non-expendable equipment used for administrative purposes is charged to the UNFPA biennial budget in the year in which it is purchased. An inventory is maintained of all non-expendable equipment (defined as items of equipment valued at $1,500 or more a unit, and with a serviceable life of at least five years, and items of equipment included in any special lists, for which formal inventory records are maintained).

Note 2. Donations

Donations (1992-1993: $7,713; 1990-1991: $8,921), disclosed separately in statement I in prior bienniums are now included in miscellaneous income (net) in schedule 2 and statement I.

Note 3. Reimbursable procurement

The Governing Council, at its fortieth session in 1993, approved that funds received by UNFPA for procurement of supplies, equipment and services on behalf and at the request of Governments, specialized agencies or other intergovernmental or non-governmental organizations are accounted for as trust funds. These activities are shown as procurement services in schedule 8.

In line with this decision, UNFPA is fully paid in advance of the procurement activities for all costs connected with such procurement, including a procurement service fee at the rate established by the Executive Director. This procurement service fee is accounted for as miscellanecus income. For the biennium ended 31 December 1993, procurement service fees of $1,598,180 were earned and expenditure of $45,375 was incurred leaving a net income of $1,552,805 as shown in schedule 2.

In 1990-1991, UNFPA procurement service fees in support of World Bank-financed programmes and other organizations in the amount of $959,825 was credited to administrative expenditure.

Note 4. Cost-sharing

The Governing Council, at its fortieth session in 1993, authorized UNFPA to enter into cost-sharing arrangements with Governments and third parties. During 1993, cost-sharing contributions of $267,297 were received as shown in statement I. Cost-sharing expenditure amounted to $167,712 as shown in schedule 3.

Note 5. Government-executed projects

Effective 1 January 1993, the responsibility of processing all financial transactions pertaining to government-executed projects was transferred to UNFPA field offices. Government disbursement reports which were not processed by field offices by 31 December 1993 will be recorded in 1994. As a result, project costs amounting to approximately $4.8 million and the corresponding UNFPA support costs of approximately $0.2 million were not included in programme expenditure in statement I. If these amounts were recorded, credits to the administrative and programme support services biennial budget expenditure would increase by $0.2 million thereby decreasing the biennial administrative expenditure by the same amount. The surplus income would amount to $4.8 million less than that shown in statement I and advances to Governments would amount to $4.8 million less than that shown in statement II.

Note 6. Technical support services and administrative and operational services

The Governing Council at its thirty-eighth session in 1991 approved the successor support cost arrangements. The new arrangement which took effect on 1 January 1992 has two basic components: (a) technical support services; (b) a reimbursement of indirect administrative and operational services incurred at headquarters and regional offices for country projects. For intercountry

projects, the reimbursement of administrative and operational services applies only to projects approved or ongoing after 1 January 1993.

In line with this decision, total costs of technical support services in the amount of $31,931,001 were incurred for 1992-1993. This amount shown in statement I under programme expenditure includes technical support professionals, administrative support personnel and other related administrative costs.

The costs of administrative and operational services amounted to $9,913,400 as shown in statement I. This amount consists of support costs of $7,625,325 reimbursed to United Nations executing agencies and $2,288,075 to intergovernmental institutions and other agencies including non-governmental organizations.

In 1990-1991, all support costs were classified under agency support costs. For comparative purposes in statement I, agency support costs paid to executing agencies and non-governmental organizations totalling $25,073,519 are reclassified as administrative and operational services and support costs earned by UNFPA from government projects and procurement assistance totalling $4,653,606 are reclassified as UNFPA support costs.

Note 7. Administrative and programme support services

Credits to administrative and programme support services expenditure in schedule 6 consist of:

	1992-1993	1990-1991
	(United States dollars)	
Support cost for government-executed projects	2 376 192	3 208 803
Support cost reimbursed from procurement assistance in respect of government projects	2 560 017	1 444 803
Support cost for projects under trust fund arrangements	511 848	398 162
Support cost reimbursed by the World Bank and other organizations for procurement services	-	959 825
Total	5 448 057	6 011 593

Note 8. Investments in currencies other than United States dollars

The investments reported in statement II and schedule 7 include the United States dollar equivalent of investments in other currencies using the United Nations operational rate of exchange in effect for the month of December 1993. At the United Nations operational rate of exchange in effect from 1 January 1994, which more closely reflects the market rate of exchange as at 31 December 1993, the value of these investments would amount to $937 less than that shown in the accounts (1991: $398 more than that shown in the accounts).

Note 9. Non-convertible currencies pending United States dollar credit from UNDP

The amount of $187,488 (1991: $187,488) shown in statement II represents non-convertible currencies, held by UNDP on behalf of UNFPA, converted into United States dollars at the United Nations operational rate of exchange in effect on the date of receipt.

Note 10. Contributions pledged by Governments

Contributions pledged by Governments for current and prior bienniums that had not been paid by 31 December 1993 were as follows:

	Voluntary contributions
	(United States dollars)
1989 and prior bienniums	284 661
1990	49 287
1991	79 930
1992	172 595
1993	226 122
Total (statement II)	812 595

Additions and adjustments for prior bienniums of $312,506 shown in schedule 1 include unpaid pledges of $276,671 written-off in this biennium.

Country	(United States dollars)
Afghanistan	5 520
Burkina Faso	6 888
Jamaica	215
Jordan	1 133
Liberia	3 000
Morocco	4 128
Nigeria	9 625
Peru	24 648
Senegal	45 637
Sierra Leone	5
Solomon Islands	1 000
Somalia	41
Russian Federation	174 831
Total	276 671

Note 11. Unliquidated obligations of executing agencies

The unliquidated obligations of $37,379,545 (1991: $30,849,054) shown in statement II consist of $30,671,592 for projects funded from general resources and $6,707,953 for projects funded from trust funds.

Note 12. Junior Professional Officers Programme (JPO)

During 1993, funds from the Government of Canada totalling $395,665 were received of which $52,130 was disbursed leaving a balance of $343,535, as shown in statement II.

Note 13. Reserve for field accommodation

The Governing Council, at its thirty-eighth session in 1991, approved the establishment of a reserve for field accommodation at the level of $5 million as shown in statement II for the biennium 1992-1993 and authorized the Executive Director to make drawdowns from it for the purpose of financing the United Nations Population Fund share of construction costs of common premises under the auspices of the Joint Consultative Group on Policy.

Note 14. Operational reserve

The level of the operational reserve was set at $45 million at the thirty-sixth session of the Governing Council in 1989. At the thirty-eighth session of the Governing Council in 1991, the reserve level was revised and set at 20 per cent of the general resources income for each year of the UNFPA work plan. In line with this decision, the operational reserve was increased to $48 million in December 1992 as shown in statement II. This level of operational reserve will be reviewed in 1994.

Note 15. Unspent allocations

Unspent allocations as at 31 December 1993 issued against resources of UNFPA for projects and for technical support services, shown in schedules 4 and 5 respectively, amounted to $74.4 million for 1993 and $211.9 million for future years, against which forward commitments reported by executing agencies were approximately $12.1 million. Of the allocations for future years, $28.7 million relates to allocations for 1994.

Note 16. Bangladesh Fourth Population and Health Project

In support of World Bank-financed programmes in developing countries, UNFPA is rendering contraceptive procurement services to the Government of the People's Republic of Bangladesh. As at 31 December 1991, the unexpended balance of $1,347,846 for this activity was shown as "advances received for reimbursable procurement" under the liabilities section of the financial statements.

Subsequently, an agreement was signed between the Government of the People's Republic of Bangladesh and UNFPA. In accordance with the terms of the agreement, separate records and accounts of the receipts and disbursements for this project are maintained and reported as part of UNFPA trust funds shown in schedule 8. As such, the total unexpended balance as at 1 January 1992 in schedule 8 was restated to $8,944,877. For comparative purposes, the balance of "due to UNFPA trust funds" in 1991 was also restated as shown in statement II.

Note 17. Netherlands Trust Fund

Transfers amounting to $800,000 as shown in schedule 8 consist of:

		(United States dollars)
(a)	Contributions credited to UNFPA in error in 1990-1991 and transferred to UNDP in 1992-1993	500 000
(b)	Accumulated interest income transferred to International Conference on Population and Development	300 000
	Total	800 000

Note 18. Interest income of trust funds

Effective 1 January 1992, interest earned by trust funds whose contributions were deposited in general resources bank accounts will be transferred from general resources to the individual trust funds at the beginning of the following year. This policy differs from that applied in the previous years whereby interest income of trust funds was transferred in the same year it was earned. The exact amount of interest income due from general resources to trust funds as at 31 December 1993 is not available. For the first 12 months of this biennium, $343,117 was apportioned to the trust funds.

Note 19. Unspent allocations - trust funds

The total unexpended balance of $19,728,475 shown in schedule 8 consists of:

	(United States dollars)
Unspent allocations	14 342 432
Unencumbered funds	5 386 043
Total	19 728 475

Unspent allocations consist of $8,388,782 for 1993 and $5,953,650 for future years.

Note 20. Accounts payable

The amount of $1,897,577 (1991: $2,517,956) shown as accounts payable in statement II includes unliquidated obligations of the administrative and programme support services biennial budget in the amount of $1,609,590 (1991: $2,446,979).

Note 21. Special population programmes

The Governing Council, at its seventeenth session in 1974, authorized UNFPA to receive cash remittances from Governments and transfer these to designated special population programmes. For the 1992-1993 biennium, UNFPA received and transferred cash remittances totalling $40,227,658 from the Governments of Japan, the Netherlands and Norway. The four recipients of these funds were the International Planned Parenthood Federation ($39,166,875 from Japan and the

Netherlands), the Population Council ($523,241 from the Netherlands and Norway), the International Union for the Scientific Study of Population ($351,211 from the Netherlands and Norway), and the International Council on the Management of Population Programmes ($186,331 from Norway).

Note 22. Non-expendable property

As at 31 December 1993 the estimated value of non-expendable property at headquarters and field offices was $2,276,732 and $1,990,304 respectively.

Note 23. Contingent liability - termination benefits

The contingent liability resulting from the termination benefits that UNFPA may be required to pay to its staff members in future years is estimated at 31 December 1993 to be $3,094,680 with respect to repatriation grants and $500,087 with respect to termination indemnity.